

Mind Your Own Business!

Community Governance in Rural Municipalities

Edited by

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and Public Service
Reform Initiative

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First published in 2008

by Local Government and Public Service Reform Initiative, Open Society Institute–Budapest

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ISBN: 978 963 9719 12 5



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Copies of the book can be ordered by e-mail or post from LGI.

Copyeditor: Tom Bass

Cover design: Tom Bass

Cover photo: © Panos I Tim Dirven

Printed in Budapest, Hungary, 2008

Design & Layout: Judit Kovács I Createch Ltd.

Contents

Foreword.....	v
List of Contributors	vii
List of Boxes, Figures, and Tables	ix
Introduction: Fiscal Transparency Issues in the Accountability Framework	
<i>Gábor Péteri</i>	1
Submunicipal Government and Decentralization in Bosnia and Herzegovina	
<i>Igor Stojanovic and Reuf Bajrovic</i>	23
Submunicipal Government and Decentralization in Bulgaria: Governance Practices in Rural Municipallities	
<i>Emil Savov</i>	49
Polish <i>Solectwo</i> —A Latent Field for Rural Governance	
<i>Marta Derek and Adam Mielczarek</i>	79
Rural Governance in Serbia: Charting a Sustainable Future	
<i>Tatjana Pavlovic Krizanic</i>	131
Index.....	167

Foreword

In February 2007, the Local Government and Public Service Reform Initiative (LGI) held a meeting of local government and social service experts to brainstorm on possible areas of support for education, healthcare, and social welfare. The purpose was to better focus LGI's actions on the efficiency and effectiveness of decentralized service provision while, at the same time, keeping the programs within the goals and values of the Open Society Institute. Some of the possible areas of concern were: education provision in rural areas, rural municipalities and their fiscal and management capacities, intergovernmental transfers and taxation as sources of municipal revenues (in weaker municipalities), and the provision of capacity-building programs in Budapest in cooperation with the Central European University.

One of the areas that LGI chose to focus on after the meeting was rural municipalities and submunicipal governments (or neighborhood governments). The current publication is the result of research on neighborhood government structures in Bosnia and Herzegovina, Bulgaria, Serbia, and Poland. The studies in this volume present common topics like the forms and functions of neighborhood governments; critical assessments of in-country models, focusing on accountability and public service efficiency; and proposals on future policy advice and capacity development.

The overall goal of the project was to strengthen local governments and national decentralization programs by sharing information and specific details on the functioning of community-based governments. The project commenced with the studies commissioned in South Eastern Europe. LGI also selected the case of Poland, a highly decentralized country with relatively large local governments that traditionally have had strong submunicipalities. The case was relevant to the argument since the Polish *sołectwo* (submunicipal level) enjoys a stable status and is an example of how citizens can actively participate in the decision-making process of their communities as well as in the monitoring and transparency actions of larger municipalities.

LGI's aim was to critically assess the findings of the available reports by focusing on two basic issues: accountability and service efficiency. Each case study was presented at a regional workshop in Budapest and two follow-up projects were discussed—one on the *kmetsva* in Bulgaria as well as one on the *mesna zajednica* in Macedonia—that would focus on clarifying the legal and fiscal status of these neighborhood governments and on citizen's participation and accountability.

Readers might find the studies useful for understanding the problems of fragmented municipalities and planning amalgamation reforms (e.g., Hungary), or countries where similar-size local governments exist and traditions of community governance prevail, but decentralization reforms still have not been launched (e.g., in Central Asia). This volume is part of an ongoing program of activities by LGI and other donors that intends to equip the actors of central and local public service management with the necessary knowledge and skills that enable them to address the problems of rural municipalities.

LGI hopes that *Mind Your Own Business!* will be a guide for researchers and academics working on public administration reform, governance, and public services, while practitioners and policymakers also may benefit from the lessons in this volume that may serve as a good basis for deciding what types of interventions and policies at the rural level in the respective countries.

LGI also would like to acknowledge the hard work of all the contributors, reviewers, and colleagues who helped with this volume.

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October 2008

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List of Boxes, Figures, and Tables

Introduction: Mind Your Own Business!

Gábor Péteri

Figure 1. Average Size of Local Governments.....	8
Table 1. Number of Neighborhood Governments	10

Submunicipal Government and Decentralization in Bosnia and Herzegovina

Igor Stojanovic and Reuf Bajrovic

Box 1. Cooperation between Municipality and LC—The Case of Doboj ...	37
Table 1. Number of Local Communities in Two Entities (2007)	33

Submunicipal Governments and Decentralization in Bulgaria:

Governance Practices in Rural Municipalities

Emil Savov

Box 1. Razgrad Municipality	66
Box 2. Troyan Municipality	69
Figure 1. Own Revenues Per Capita for 2004 by Groups of Municipalities...	51
Table 1. Grouping Municipalities by Population Size	54
Table 2. Cash Balance	55
Table 3. Expenditures Per Student in Comprehensive Schools by Groups of Municipalities	56
Table 4. Data on the Mayoralties	59
Table 5. Groups of Mayoralties by Number of Residents (2006)	60
Table 6. Mandatory Activities Performed by the Mayorality	65
Table 7. Services Delegated to the Mayoralty	65
Table 8. Types of Local Services Assigned by Mayors.....	66
Table 9. Current Status Versus Proposed Model	72
Table A1. Number and Size of Local Governments and Subnational Governments by Districts (2006).....	76

Polish *Solectwo*—A Latent Field for Rural Governance

Marta Derek and Adam Mielczarek

Box 1.	An Overambitious Mayor in Niepołomice.....	91
Box 2.	High Funds for Submunicipal Government.....	101
Box 3.	Determining Village Funds.....	101
Box 4.	Arbitrary Distribution of Funds to Villages.....	102
Box 5.	Village Own Revenues from Property Sales.....	103
Box 6.	The Car Fair	103
Box 7.	Remunerating Village Heads	106
Box 8.	Road Repair and Village Heads.....	108
Box 9.	Active Submunicipal Governments.....	110
Box 10.	The Most Beautiful Village Competition	111
Figure 1.	Average Number of Submunicipal Local Governments in Rural and Mixed Rural-Urban Local Governments in Poland (2006)....	87
Figure 2.	Average Number of Citizens in One Submunicipal Local Government in Rural Local Governments in 2005.....	89
Figure 3.	Average Number of Submunicipal Local Governments in Rural Local Governments in Polish Regions in 2005.....	89
Table 1.	Average Number of Submunicipal Local Governments (<i>Solectwo</i>) in Different Types of Local Governments in Poland (2006)	88
Table 2.	Types of Undertakings Managed the Village Councils in 1992, 1994, and 1996	116
Table 3.	Activities of the Village Head According to the Inhabitants of the Municipality of Komorniki.....	118
Table A1.	Statistical Data Used for Figure 1.....	125
Table A2.	Statistical Data Used for Figures 2 and 3.....	126

Rural Governance in Serbia: Charting a Sustainable Future

Tatijana Pavlovic Krizanic

Box 1.	The Case of Smederevska Palanka	142
Box 2.	The Case of Krusevac and Zrenjanin.....	142
Box 3.	Meetings of MZs	143
Box 4.	The Case of a Multiethnic Presovo	146
Box 5.	Proactive MZs	155
Box 6.	Intergovernmental Transfers to MZs.....	158
Box 7.	Distributing Funds in Subotica.....	159

Figure 1.	Citizen Participation in MZ Activities	144
Figure 2.	Mesna Zajednica Structure in the Municipality of Boljevac	151
Figure 3.	The Self-contribution Fee and the Types of Fees That Are Imposed	161
Table 1.	Basic Information on Communal Self-government in Serbia	136
Table 2.	Cities in Serbia as of January 2008	163

Introduction: Mind Your Own Business!

Gábor Péteri

Table of Contents

1.	Community Based Governance: Why Is It Important?	5
1.1	FDI Project Scope and Objectives.....	7
2.	Forms and History	8
2.1	Finding the Right Balance: Type and Size of Mayoralties	8
2.2	From Self-governance to Local Administration: Historical Origins	10
3.	Roles and Functions.....	12
3.1	Legitimacy and Accountability.....	13
3.1.1	Counterpoints to Proportional Electoral Systems.....	14
3.1.2	Advocate and Messenger: Involvement in Municipal Decision-making	15
3.2	Promoting Development: Service Provision and Economic Growth...	16
4.	Financing.....	17
5.	The Future of Submunicipal Governments: Constrained Autonomy	18
5.1	Ideas for the Future.....	19
	Sources Cited	21
	Notes	22

1. COMMUNITY-BASED GOVERNANCE: WHY IS IT IMPORTANT?

Institutions of submunicipal governance have two basic functions. Being part of the political system, they guarantee *better representation* through direct citizen participation. This territorial, residence-based representation creates new mechanisms for improved accountability in the public sector. Supplementing other local political institutions, submunicipal governments also contribute to demand-driven community development, as well as they provide *effective and targeted local public services*. Depending on the scale and form of decentralization, they share service management responsibilities with national and local governments and bring public administration closer to citizens.

The critical question is how these two positive main features of local communities can be utilized in public sector reforms. Modernization of public services usually depends on the forms and methods of decentralization. The most important element of decentralization is deciding on the allocation of public functions. This is driven by several competing factors (Hermann *et al.* 1999; Swianiewicz 2002). Some of them require sizable local governments, while others have a favorable impact in smaller units. Submunicipal governments can significantly influence these factors, so the assignment of competencies and public services will be more effective and efficient through community governance.¹

One of the primary goals of decentralization, is *greater political accountability*. This is achieved through public control and citizen participation. Public decisions are influenced through various political mechanisms: the party system, civic advocacy, interest groups, referenda, etc. Territorial decentralization also guarantees better access to information, and consequently provides a greater chance for public control. At the lower levels of government, leadership seems to be more responsive. So this is a strong argument for empowering submunicipal governments.

Minority interests, however, might be better served in larger local governments. Traditional village communities in closed rural societies could be captured by local elites. Or they might be misused by strong national governments for centralization purposes by establishing hierarchical linkages to this very low level of government. To avoid such a scenario, citizen participation should be encouraged. Though this is a critical condition of effective local governance, the forms of public participation should be adjusted to different-size municipalities. Professional organizations and issue-oriented interest groups could be as effective as institutions in large cities as the neighborhood-based representation in smaller local governments. *Economic efficiency* is the second important factor in assigning public functions. Larger-sized local governments are usually justified by the *economies of scale* argument. It means that unit costs of public services are supposed to be lower in proportion with the increasing size of the service entities. Indeed, there is empirical evidence that in the capital-intensive utility services, the marginal costs are lower with increasing facility size. This might be an argument

against creating strong submunicipal governments. However, in the case of human service organizations—schools, hospitals, and public administration—the unit costs are decreasing to the optimal size local governments, though beyond this point they start to increase, due to more complicated management structures, higher communication costs, etc. The unit cost curve is “U” shaped.

Another sub-component of economic efficiency is based on public-choice theory: consumers in smaller units are able to *express their preferences* more clearly. Community-level governments are the best forms to identify competing objectives, and to confront demand in various units of local government. This also helps to identify the costs of public functions, especially when services are financed through pricing mechanisms. In smaller public entities user charges, contributions, and matching grants reflect the differences in costs, revenue-raising capacity, and ability to pay.

This is related to the third factor for the assignment of functions: *equity and fairness*. Local governments have to *internalize all the costs* and benefits of services provided by them. In small local governments this spill-over could lead to losses and the inefficient allocation of public funds. Free-rider municipalities transfer the burden of financing services to the neighboring local government. This raises the claim for larger-sized local governments. But expanding market-based service delivery mechanisms are able to manage this problem. Large communal and utility companies can introduce refined pricing mechanisms, when specific costs at each and every local government are reflected by the user charges. Thus, in this respect, municipality size does not really matter.

Difference in *revenue-raising capacity* is another sub-component of this factor, inducing larger-sized local governments. The objectively-measured differences will be greater between smaller local governments. But a lack of own resources can be compensated for by intergovernmental transfers, so, in a fragmented system, there will be a higher need for equalization grants. The “adequate” fiscal capacity could be achieved through the refined system of intergovernmental fiscal relations (own sources, revenue sharing, and transfers). Submunicipal governments might also be the subjects of these revenue equalization schemes.

The fourth set of factors is the *administrative capacity* of local governments. In larger, urban local governments, staff are expected to be more professional, thus the quality of management in municipal administration and services provision will be higher. This also raises the question of geographic adequacy, and whether local government boundaries follow the area of service provision. As services have different catchment areas, the forms of government and practices of intermunicipal cooperation are also important components of this factor. Through various institutional forms of municipal cooperation, the administrative capacity might be improved.

Summarizing the overall significance of these factors, submunicipal governments are important institutions of political accountability and for the expression of local

preferences. These advantages of strong community governance can only be realized if intergovernmental fiscal relations support decentralization, where funding schemes and methods are able to manage the problems of excessive fragmentation. Improved administrative capacity is also a condition of successful submunicipal governance.

1.1 FDI Project Scope and Objectives

Our analysis of the issues of neighborhood-level governments was implemented under the Fiscal Decentralization Initiative of the Local Government and Public Service Reform Initiative at OSI–Budapest. The overall goal of the project was to strengthen local governments and national decentralization programs through the sharing of information and lessons on the use of community-based governments. This policy development and capacity enhancement focused on three countries in South Eastern Europe: Bosnia and Herzegovina, Bulgaria, and Serbia. We also examined Poland, which is a highly-decentralized country with relatively large local governments, having traditionally strong submunicipalities.

The long-term aim of the FDI project is to compare the main findings and to share the lessons with other transition countries. The potential users of this information might be either the countries facing the problems of fragmented municipalities and planning *amalgamation reforms* (for example, Hungary), or where like-sized local government exist and traditions of community governance prevail, but *decentralization reforms* still have yet to be launched (for example, in Central Asia).

Beyond its contribution to policy design, the project also aims at laying down the foundations of future capacity-development programs. Forthcoming FDI program activities intend on equipping the actors of central and local public service management with the necessary knowledge and skills to enable them to address rural problems.

Several comparative, regional reports and country studies analyze the role of local communities in the selected areas.² We focused on the two basic issues highlighted above: accountability and service efficiency. The country reports targeted three broad issues by following similar structures:

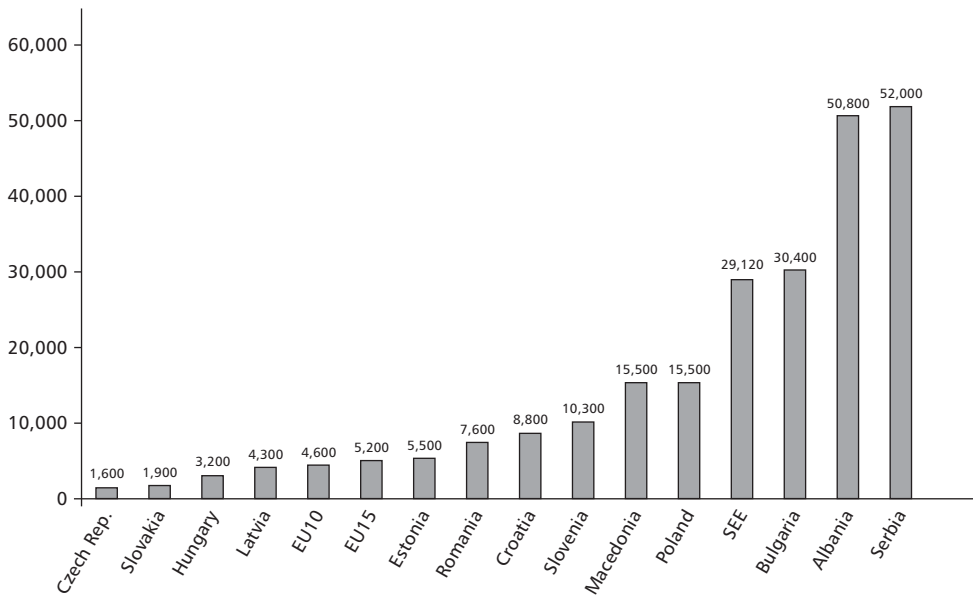
- a) forms and functions of neighborhood governments;
- b) critical assessment of in-country models, focusing on accountability, and public service efficiency; and
- c) proposals on future policy advice and capacity development.

2. FORMS AND HISTORY

2.1 Finding the Right Balance: Type and Size of Mayoralities

The European decentralization models in transition countries present two extreme solutions: the creation of either large local governments or much smaller, fragmented systems. (Figure 1). Submunicipal governments primarily are established in countries with larger-sized local governments. They provide institutionalized forms of internal power sharing within these local governments. In a fragmented system, service efficiency and revenue raising capacity requires cooperation between the smaller local governments. The same issue is reflected in both models: how to balance between the competing factors of decentralization.

Figure 1.
Average Size of Local Governments



Source: Dexia 2004; Marcou 2004.

A particularity of the local government system in South Eastern Europe is that the larger municipalities exist parallel to mixed forms of *meso*-level governments (Marcou 2004). With the exception of the unique governance structures in Bosnia and

Herzegovina, these intermediate tiers are not elected, they are merely regional units of the central government. These *deconcentrated units* of central government agencies infiltrate to the municipal administration and local decision-making. The *okrug* in Serbia, *oblast* in Bulgaria, and other units or service entities of the various ministries have a tight control over municipal service management and local spending.

Regions, as planning and statistical units, have been established in several countries that became new or potential members of the EU. They usually comprise several local (or county) governments. Their political power and legitimacy is limited, as the regions have no elected bodies or other forms of political representation (with some exceptions, like the Polish *voivodship*). They mostly serve regional development and planning purposes.

In the Balkan countries, there is a strong tradition of separating central and local functions. Thus, the responsibility for providing specific services lies, in reality, either with the national government or with the municipalities. If a service is formally regarded as a local one (for example, primary education or social welfare services), the municipal competencies are limited: a local government controls only the maintenance of a school's basic infrastructure or merely provides the physical space for a social-work center. All the critical decisions on service performance, methods of delivery, human resources, etc., are made primarily through the deconcentrated units of the ministries.

The allocation of revenues follows a similar principle: local taxes are supposed to finance municipal functions and national budget grants are aimed at deconcentrated and delegated services. This has been partially modified by the new regulations on local government finances, for instance, in Serbia and Macedonia. Here, general purpose or block grants, and revenue-equalization grants connect the two levels of government. Otherwise, there is still a sharp division between the two tiers.

Two reasons explain this separation. First, the scope of devolved services is rather limited. In SEE countries, local governments are responsible for few functions, typically for basic administrative and communal services. In financial terms, the local expenditures are only three to six percent of GDP. The other factor is a general mistrust of local governments. Thus beyond political decentralization, the real transfer of assets, powers, and human resources is limited.

As a counterpoint, countries with large-sized local governments have developed *submunicipal forms of governance*. In some European transition countries, these neighborhood-based community governments have significant historical traditions and operate in various forms. They were established as mayoralties, typically in large cities and in municipalities that cover several geographical units (villages). In metropolitan local governments, they bring administrative and social services closer to citizens.

In rural areas they have the mixed functions of community development and of provision for administrative and public services. In Bulgaria these are the *kmetsvo*; in

Poland *solectwo*; in the former Yugoslavia *mesna zajednica*; in Kosovo *bashkësia lokale*. Table 1 shows the average number of submunicipal units in the studied countries.

Table 1.
Number of Neighborhood Governments

Countries	Number of		Average number of submunicipal governments
	local governments	submunicipal governments	
BiH, Federation of BiH	80	8,143	16.0
BiH, Republika Srpska	62	9,724	18.0
Bulgaria	264	2,560	9.7
Kosovo	29	453	15.6
Poland	2,478	40,348	16.3
Serbia ⁵	145	4,132	28.5

Source: Country reports in this volume.

There are no comprehensive statistics on community-level governments, because the establishment of these neighborhood governments usually depend on the decision of the municipalities. Thus, the reports in this volume had to rely on sample-based surveys or incomplete statistical data. The information available from these sources shows, however, that typically 16–18 community-level governments are organized in one municipality.

In Bosnia and Herzegovina, only half of the local governments in Republika Srpska have established *mesna zajednica*, while it is more common in the Federation (65 percent of local governments). In Serbia, the community-level governments are more widespread; there is one in almost every village (1.3 settlements/submunicipal government).

Due to the lack of proper statistics, there is no information on the *average population size* of a submunicipal government. According to the available data, these community-level governments are usually between populations of 300 and 1,000. In Bulgaria, the average *kmetstvo* has a population of 821, and the majority of them (67 percent) are between populations of 250 and 1,000. In Poland, with some exceptions, in most of the regions the average size of *solectwa* is between 300 and 500. In Serbia, the *mesna zajednica* are larger; the average population size outside Belgrade is 1,622.

2.2 From Self-governance to Local Administration: Historical Origins

Village self-government existed for many centuries in all of the four countries presented here. Various forms of rural communities were created for managing the common issues

of production, solving disputes, and financing joint activities. The *zhupa* in Bulgaria, *mahala* in the Muslim-dominated Bosnia and Herzegovina, *selo* in Serbia, and *solectwo* in Poland all served the interest of the local community.

They were all partially rooted in the methods and forms of agricultural production of the medieval period. In the southern Slavic states, the *zadruga* (a large, extended family) was the unit of common agriculture production. Ten to 20 families, usually with a maximum population of 100, lived and worked together. The families were connected by relatives who owned the common assets, as no personal property was allowed. Women could leave or join a *zadruga* through marriage only.

The *zadruga* leader, the oldest and most respected family head, organized the farming, and managed community life by solving disputes and making decisions on property sales. The wife of this alderman had similar authority over traditional women's activities (holiday rituals, sewing, etc.). The *zadruga* community was highly hierarchical, and strictly controlled by the "old man" heading the community. It started to break up only in the 19th and 20th century when new inheritance laws were introduced, and agricultural production was modernized, while the younger generations left the *zadruga* (Library of Congress, <http://countrystudies.us/>).

The community-level self-governance was further developed in two directions. First, various state structures were created, and second, the municipal self-governments evolved. As southern Europe was under diverse political influences, the models of public administration also followed different patterns. The Ottoman Empire controlled the local communities and municipalities through the *vilayet*-based, hierarchical administrative system. The village-level government kept its relative autonomy in managing local matters, such as agricultural production, trade, taxation, public hygiene, care for orphans, schools (for example, in Bulgaria), and settling disputes (together with Turkish judges in Serbia).

The influence of the Austro-Hungarian monarchy, and creation of independent states throughout the 19th century, led to the establishment of deconcentrated state structures. Beyond the lowest level self-government, *districts* and *provinces* of various types were formed (*okoli*, *okrag*, *okrug*, *oblast*, etc.).

During this period, rural municipalities had varying levels of autonomy. In the Austro-Hungarian monarchy, the Act of Village Municipalities in the late 19th century, defined the status of these rural local governments. In Serbia, after a period of uprising, and with weaker Ottoman control, the newly-created central state supervised local governments through the police, and held strong powers over elected local bodies. *Modern local governments* with greater autonomy over property and taxes were established later, by the end of the 19th century.

This parallel development of community-based, very local forms of self-governance, and the state-controlled, top-down administrative structures partially explains the present attitudes toward decentralization in the Balkan countries. In South Eastern

Europe, elected local governments usually have limited functions with a well-defined local revenue base. While the central units at lower levels of government do not intervene in these municipal issues, they do organize hierarchical, fully controlled and financed state administrative structures. There is limited cooperation between the two forms of government. Local governments rarely manage general public-administration issues and public services provided by the state are slowly transferred to elected municipalities.

These basic parallel structures of public administration and local self-government have not changed significantly over time. The Yugoslav model of local self-management has created special decision-making and self-financing rules. Thus, the present larger-sized local governments in countries of the former Yugoslavia can be partially explained by the economic rationale of *decentralized self-financing*. The community-level governments were part of this system with relatively strong autonomy, until the 1990s, when centralization tendencies reached this lowest level of government, and all the assets had to be transferred to the national state.

In Poland, where preceding the Second World War the *gromada*, as a submunicipal unit, combined the community and the state functions, the Soviet-type, local government system then destroyed these institutions. The “*national councils*” were controlled by the highly-centralized political machinery and, consequently, the submunicipal, village-level entities lost their influence.

Neighborhood-level governments in the Balkan region also could have supported cultural diversity, and might have helped in the effective management of ethnic or religious disputes. For example, in highly-divided Kosovo, the conflicts can be partially explained by the fact that rural communities were destroyed (I. Blumi 2005). Forcing control of the more orthodox Islamic community over the less fundamental mosques created greater hostility between neighboring villages. Centralized structures in place in Serbia since the Yugoslav period, continuing throughout the rule of Milosevic, and even under the guise of various international organizations, strengthened divisions, not reconciliation, at a very local level.

3. ROLES AND FUNCTIONS

Decentralization reforms in the studied countries were implemented in several waves and at different speeds. Poland was one of the forerunners in establishing politically-autonomous local governments at the municipal (*gmina*) level. In South Eastern Europe, the establishment of local self-government units were created with some delay, and the real devolution of functions is still rather slow. In Bulgaria, the economic crisis of transition perpetuated centralization until the late 1990s. In countries of the former Yugoslavia, the war and the proceeding political turmoil in Serbia hindered decentralization.

Most of these reforms focused on establishing political structures at the lower level of government. Decentralization of public services was limited, and local governments are mostly responsible for some administrative and communal services. As the reforms primarily concentrated on the hierarchical linkages between different tiers of governments, the issues of subnational governments were usually not addressed in the past reforms.

The establishment of submunicipal governments depends on the elected local governments' will, except in the Federation of Bosnia and Herzegovina, and in Serbia, where it is mandatory to organize *mesna zajednica* in rural municipalities.⁶ In Bulgaria, conditions for establishing submunicipal local governments is regulated by law. The creation of a *kmetsvo* depends on a referendum with 25 percent of supporting votes in the village, and also needs to be endorsed by municipal council decision.

3.1 Legitimacy and Accountability

Submunicipal governments, as traditional social institutions, ensure the *legitimacy* of governments through representation and accountability. They are either community-based organizations or legal entities, established according to the laws regarding local governments. The political weight of these community governments very much depends on the municipal election rules. The balance of individual ward- and political party-based election of councilors or mayors determine the significance of the neighborhoods in local political power and development.

Despite the fact that neighborhood governments in rural communities are often built around familial ties or religious lines, their leadership is controlled by the local community. Neighborhood governments are political entities connecting individual citizens and the elected governments. As such, they also provide mechanisms of *social and political accountability*. In local governments with populations of many thousands, these community-based self-governments could also guarantee the inclusion of minorities. In extreme cases, they can even replace formal institutions (as parallel structures).

As the lowest level of formal government, they guarantee *inclusion in public decision-making*, and ensure the transparency of formal public institutions and procedures. They might also encourage public participation in local government decisions in various areas: urban planning, budgeting, housing, or allocation of social welfare services. In terms of community development, neighborhood organizations are critical partners of elected local governments. Urban renewal projects, rehabilitation and housing programs, rural development, and local economic development activities are often based on the cooperation of these community-based organizations with other formal structures of government. This is one reason why community empowerment is often the focus of poverty-reduction projects.

3.1.1 Counterpoints to Proportional Electoral Systems

In countries with larger-sized local governments, the councilors are elected by lists and not in individual wards. The proportional system of local government elections is usually influenced by political parties and other organized groups. The election rules often lead to a situation where villages in the territory of a local government are left without any representation in the municipal council, and the nomination of local candidates is controlled by political organizations.

Submunicipal governments are supposed to balance the influence of political parties and other institutions. Usually, community leaders and the neighborhood-level representative bodies or councils are *directly elected*. The election rules are set by the local government, and there is no specific legislation on community-level voting procedures. The most typical form is a “village meeting,” though in Serbia, for example, community leaders also could be elected at the general municipal elections.

Community-level leaders and councilors can be elected by public or secret voting, too. There are no minimum requirements, either on citizens’ participation in these public meetings or on the number of votes needed for getting elected.⁷ According to surveys in Poland, 10–30 percent of the population is typically present at these village meetings; in Serbia it is more like a quarter. None of the election thresholds are regulated, except in Republika Srpska, where councilors can be elected by a 50 percent vote of those present.

These practices of community-level representation *raise doubts about the legitimacy* of submunicipal governments. As national regulations tend to give high autonomy to local governments in forming and empowering neighborhood-level governments, the influence of the community leadership very much depends on the elected local governments. So when the local council is ready to share its competencies with the submunicipal governments, then participation methods are more effective and functions within the municipality are further devolved.

In this case, submunicipal government elections and accountability mechanisms are better regulated. Consequently, community leaders have greater legitimacy (as in Bulgaria and Poland). If the neighborhood government’s role is merely formal, then it is less accepted by villagers (as in Bosnia and Herzegovina and Serbia).

The level of *trust* in submunicipal governments is measured in the individual country studies by some indirect indicators. In Poland, survey results show that not the village council, but more likely the village head is known by citizens, though only one-fifth of the respondents were aware of his activities beyond that of tax collection. Participation in public activities varies between 15 percent (one or more activities in a year in Serbia) and 25 percent (in Bosnia and Herzegovina). This can be explained by the general mistrust towards local governments, which are controlled by the political parties down to the very community level.

3.1.2 Advocate and Messenger: Involvement in Municipal Decision-making

Regardless of the forms of submunicipal representation, the community leader is usually visible to both the elected local government and ordinary citizens. The village head has the right to take part in the municipal council meetings, and is involved the preparation of capital investment, and small-scale infrastructure improvement projects. As a lobbyist, he represents the village at the elected local government. These contacts are made only through the *mayor* (as in Bulgaria, where this is the only way to put proposals to the council) or a special *advisory council*, dealing with local community matters (in the case of Serbia).

The more structured forms of *mesna zajednica* in Serbia—with a citizens' assembly, council, and a secretary—also allow the strengthening of the *representation of ethnic minorities* at the local government level. As the villages are ethnically more concentrated, in the larger-sized municipalities community leaders can raise local issues to the level of the elected municipal government. Obviously, it depends on how the recipient local councils are organized, because the committees, as first entry points, are often controlled by political parties. There are, however, opportunities to overcome this problem. In Serbia, for example, special committees for small-scale, capital-investment projects were created, which even have transferred municipal powers for contracting and spending.

The neighborhood governments' other role is to establish *direct contacts* between the elected local government and the citizens. This “messenger” role is executed through village meetings, budget hearings, and other opportunities for discussion. These forums are regulated by the rules and procedures of the municipality, or by the statutes of the community government. They usually support the top-down information flow, and provide additional communication channels for the local government.

Involvement in the municipal decisions very much depends on the community-level government's administrative capacities. The community leader has a key role, as all the individual country reports point to a *lack of human resources* and management capabilities in the villages. Having a limited number of educated people in the villages, or no information on administrative matters, the village head is an important point of contact. Recognizing this role of submunicipal government leaders, local governments often provide financial and administrative support. The municipality usually pays allowances for the *soltys* (Poland), the community governments' members and leaders (Federation of BiH), or employs *kmetstvo* administration, as in Bulgaria. Any transfer of funds and greater autonomy at the community level would require further monitoring and control mechanisms. They are implemented by the mayor (Bulgaria) or by the advisory council (Serbia).

3.2 Promoting Development: Service Provision and Economic Growth

Community-based organizations provide public services of various types. These are municipal services, further devolved to the village level; implementation of deconcentrated, primarily administrative functions, as well as services that are delegated to submunicipal governments. However, the sharing of public functions at the local level very much depends on the scope and form of decentralization in the country. The formal transfer of public services to the community level might be easier if the decision on funding, personnel, and service performance is kept at the central level.

Neighborhood governments could guarantee access to *basic public services on behalf* of the municipality. Bulgaria is a well-researched country in this respect, and as the survey results show, approximately seven percent of functions assigned to local level are further devolved to *kmetstva*. Public services are taken over by the *kmetstva* on a different scale. The *kmetstva* share is 26 percent of the management of kindergartens, 69 percent of basic social day-care service units, 20 percent of street cleaning, 69 percent of public lighting, and 15 percent of road maintenance. Similarly, in Serbia, the public utilities in those villages that are not connected to the regional networks are also managed by the *mesna zajednica*.

In Poland, the *solectwa* might initiate the transfer of municipal services, though the general legislation specifies only public administration services that can be relocated to the village level. Further devolution of functions has to be regulated by municipal statutes. The model statutes that were proposed to local governments name only three ways of *solectwo* involvement: (i) the right to make proposals on capital improvements of roads, utilities, kindergartens, primary schools, and tourism; (ii) cooperation for fire protection, local order, environmental protection, and social services; (iii) management of municipal property and funds. The transfer of all these proposed functions depends on each local government's decision.

Community governments, in closer proximity to citizens, also provide *administrative services*, deconcentrated to this lowest level. Being close to citizens is the focal point of basic administrative services, and provides the connection to the local administration in the case of more complex issues. Locally-provided administrative services include the issuing of certificates, permits, and licenses needed for citizen registration, construction, public order, environmental protection, etc. Some tasks in municipal tax collection are also devolved to mayoralties (as in Bulgaria and Poland).

In Serbia, deconcentrated units of municipal administration provide access to these services (*mesna kancelarija*). They follow the dual character of local government administration, so they also operate as the lowest units of state administration. In villages they also serve the submunicipal governments by providing basic office services to them.

Finally, there are services *delegated* to the community level, when the transfer of functions is combined with the full funding of these services. Here, the submunicipal

governments might have some limited competencies. For example, in Bulgaria they appoint the managers of part-time kindergartens, social centers, and cultural organizations. They could also influence the location and usage of these institutions.

Perhaps the most important function of submunicipal governments is *community development*. They can influence the local economic development and urban development throughout the planning and grant allocation process. Obviously, all these initiatives have to be implemented through the elected local governments, but community leaders are important actors in the physical planning, local strategy design, and sectoral planning. Their powers and authority very much depend on the overall decentralization framework, policymaking practices, and political mechanisms.

This brief overview of decentralized service functions clearly shows that submunicipal governments have rather limited functions. Assignment of these services very much depends on local political preferences. Thus, efficient service provision, as the main reason for creating larger-sized local governments, clearly dominates these four individual country models. Depending on the scope of decentralization, communities might take over some limited competencies, but local governments keep the ultimate decision-making power. Within the overall national legislative framework, the transfer of functions depends on differences in local culture.

4. FINANCING

Because submunicipal local governments manage a limited number of functions, their share in local budgets is also minimal. Most of the countries reporting on community governments do not even have aggregate fiscal information on spending at the submunicipal level. The only exception is the Federation of Bosnia and Herzegovina, where *mesna zajednicas'* financial share is 0.7 percent. In this entity, services managed at the community level are rather limited, and thus in the other countries the share might be higher.

All the countries we studied keep the *unity of the local government budgets*, so submunicipal spending and revenues remain part of the municipal budget. Transfers to mayoralty staff and other community-level spending are accounted as part of the municipal budget. They are also incorporated into the consolidated, municipal treasury system; however, they have separate bank accounts in some countries.

Submunicipal governments have the authority to levy and collect *own source revenues*. In Poland, agricultural tax might be shared with the *solectwo* budget, though this rarely happens in practice. They can also raise funds through the utilization of local public property. In Bulgaria, *kmetstvo* levy environmental fines, while in Bosnia and Herzegovina, donor funding is a significant community revenue. Communities usually have no access to own property. In Bulgaria and Poland, the revenues

generated by the use of communal property might be kept by the submunicipal governments.

In Serbia, *mesna zajednica* collect a self-contribution fee. Fourteen percent of local governments levy this fee on their entire territory, while two-thirds of municipalities have self-contribution at least in one rural community. The *mesna zajednica* are not public entities. Thus, according to current fiscal regulations, they cannot be subject to revenue sharing, and the national tax office does not collect these self-contributions. The latest amendment of the financial rules, in 2002, left the submunicipal governments without the former shared utility fees and local taxes.

Submunicipal governments are not subject to any direct, national-budget *grants*. As all the community-level spending is part of the municipal budget, only local government transfers are received. These funds are usually negotiated with the municipal council, though in some instances allocation criteria are built into the budgeting procedures, like when submunicipal funds are allocated in the form of matching grants (as in Serbia), or the basis of the allocation formula are the population number, tax levies, or community area.

Financial management autonomy is also rather limited at the submunicipal level. Lacking separate bank accounts, and not being a legal entity, communities enjoy no autonomy over spending. In Bulgaria, where the *kmetstva* have diverse forms of operation, they can reallocate budget appropriations within the same function, with the exception of salaries. Any potential unused funds are centralized to the municipal budget at the end of the year.

5. THE FUTURE OF SUBMUNICIPAL GOVERNMENTS: CONSTRAINED AUTONOMY

The most important conclusion from this overview of the submunicipal governments in the four countries studied, is that they operate as counterpoints to elected local government, and additionally, are important institutions of direct democracy. Within these studied local government systems—which are all based on proportional elections—the community councils and village heads are directly elected, thus are better known, and subsequently more accepted by the citizens.

This, however, does not necessarily mean that they have a *greater legitimacy*. The rules of elections at the submunicipal level are not standardized in all these countries.⁸ Practices for the nomination and election of local leaders are very different across communities, and are fully controlled by the municipal governments. This is an area where changes in legislation and local government operation could significantly contribute to the weight and importance of submunicipal governments.

The other main lesson is that new forms of *community empowerment* might improve the status of submunicipal governments. This means enhancing their capacity to make choices and transform those into actions and results (see CESI/WBI). The ability to make meaningful choices is to envisage future options, and to make community decisions. This depends on the opportunity structure within which they operate, and their ability to transform choices into actions.

Within this framework, there are different degrees of empowerment. The studied countries have relatively broad opportunities to make decisions at the community level, so the choice—as the first stage of empowerment—exists. Local traditions support the community governments, thus they remain accepted institutions with their own informational and internal management structures. The size and efficiency of the social capital accumulated by local society, however, should not be overestimated. Within these villages there is an increasing disparity in attitudes by income, age, and education level. Modernization initiates the transformation of local values, and consequently individual objectives and strategies also alter.

Empowerment also depends on the actual use of the available opportunities. Diverse in the four countries, it depends on the scope and form of decentralization. The final degree of empowerment can be measured by the achieved results, though we simply could not collect information on this stage of empowerment.

Perhaps the strongest function of community-level governments is to be a *messenger* and *advocate*. According to the individual country studies, this is their true role. The overall institutional framework is mostly guaranteed, though lobbying and representation of village interests could be further strengthened. The actual influence of the submunicipal governments depends on the quality of their leadership.

In municipal *service provision*, community governments have a very *limited role*. The overall trend is that elected local governments have the ultimate responsibility for managing public services, as well as the funds available at the local level. Thus, submunicipal governments are able to participate in financial planning and service management decisions only according to the overall rules of fiscal decentralization. The unity of service organizations and municipal budgets is the main argument for preserving large-size local governments.

5.1 Ideas for the Future

The future of rural submunicipal governments has to be developed within the overall decentralization framework of the countries with sizable local governments. In South Eastern Europe, structural changes might be initiated only if the entire administrative system is reformed. This would primarily mean the redesign of the regional planning units, and government organizations operating at the intermediary or middle level.

The feasibility of these structural reforms is low, so, accepting the given legal and institutional framework, several steps still can be initiated. The report on Poland defines the character of submunicipal governments as the “auxiliary units” of local governments. Keeping this status, the *standard criteria for establishing* community-based governments have to be legislated and put into practice. Depending on each country’s legal structure, the minimum conditions for initiating the creation of village governments, the framework rules and procedures of nominating and electing leadership has to be set. These legal regulations should also formulate the control mechanisms over these elected bodies and village heads.

An efficient use of submunicipal governments will increase the openness of all local governments. This would require an increase in *public awareness* on the benefits of communal governments. Information should be shared with the general public about how these territory-based forms of representation fit into the existing network of advocacy organizations. The submunicipal local governments themselves have to learn the everyday practices of campaigning, marketing, and promotion of their ideas. For the local government’s part, the *minimum conditions of transparency* towards submunicipal governments have to be defined.

Public participation and inclusion in local government decisions is primarily important in budgeting and citizen control over service organizations. Submunicipal governments are mostly involved in planning capital-investment projects, especially if they are financed through *matching grant* schemes, when the service users also have to provide financial contributions. The communities’ role could be enhanced if some portion of municipal funds were to be allocated through *competitive mechanisms*, when villages have to submit their proposals for the local funds. The *control over service organizations*, such as schools, communal enterprises, and contractors would also improve the service performance by increasing the communities’ influence.

The financial empowerment of submunicipal governments depends on intergovernmental fiscal relations. When the control of the national budget and line ministries is weakened, local finances will become less dependent on central decisions. Thus, they might re-allocate more fiscal competencies to the community governments. On the revenue side of the budget, the *taxing powers* and *charge setting* autonomy of submunicipal governments could be increased. Within the overall framework of local revenue policy, the authority for further refinement of these levies, user charges, duties, and fines could be transferred to communities.

Similarly, the use of devolved former state-owned *property* might be shared with submunicipal governments. That would mean limited authority over the sale of municipal property, because asset management should be controlled by the local government. But the decisions on rents, usage, possible improvements, and reconstruction can be further decentralized.

As communities are usually responsible for a limited number of services, the funds assigned to these functions should be allocated in a transparent way. Similar to the rules of an ideal local government funding scheme, submunicipal government *grant allocation* has to be predictable and based on objective criteria. Local governments should be obliged to establish transparent rules for fund allocation (grants or revenue sharing), following the general practices of intergovernmental fiscal relations.

Finally, there are several ways to improve the operation and management of submunicipal governments. In most of the studied countries, this is not a well-researched topic, so further *analysis* of existing practices is greatly needed. This *information* and a deeper *knowledge* of community governance could help in developing mechanisms for *sharing* techniques and methods of operation. This could be further developed into a more systematic collection of information and the designing of a self-assessment or peer-review-based *benchmarking*.

The basic documents on establishing and managing submunicipal governments, and the experiments in *pilot villages*, could be further developed as *models*, then widely disseminated among communities. This would improve the knowledge and management capacity of community leadership. Another way of general capacity development is to provide assistance to the building of *associations* of submunicipal governments. This would support submunicipal governments to influence policymaking and would improve their management capacity through information sharing.

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NOTES

- ¹ The terminology used in this introductory chapter reflects the diversity of local government systems and submunicipal entities in the four individual countries. Thus, when the administrative and public service characteristics are discussed, this entity is typically called a *submunicipal government* or *mayoralty*, but when the social characteristics are highlighted, then the term *community*, *neighborhood*, or *village* is used. But very often these entities are named in the local languages though all these terms are used interchangeably. The term "elected local government" usually refers to the municipality as the lowest tier of self-government in a country, even if community leaders and village councils are also elected.
- ² P. Swianiewicz 2002; SLGRP 2003; J. Adams 2004;
- ³ In 51 municipality, 65 percent of local governments organized submunicipal governments.
- ⁴ In 54 municipality, 87 percent of local governments organized submunicipal governments.
- ⁵ Without the City of Belgrade, where 307 submunicipal local governments exist in 18 municipalities (average: 17).
- ⁶ In Serbia only, the new Act on Local Governments, in December 2007, made it obligatory. In the Federation of BiH, the statistical data showed that only two-third of the municipalities established these local communities.
- ⁷ In Republika Srpska, however, the minimum number of citizens in a public meeting is connected to the number of registered voters. Below 1,000 voters the minimum number of citizens who have to be present at these public meetings is 30; between 1,000 and 3,000 the number is 50; between 3,000 and 10,000 the number is 75 citizens; and for over 10,000 voters the minimum number is 100 citizens at a public meeting (Statute of Banja Luka, Article 25).
- ⁸ Except in Bulgaria, where the Law on Local Elections stipulates the rules for electing both municipal and submunicipal mayors.

Submunicipal Government and Decentralization in Bosnia and Herzegovina

Igor Stojanovic and Reuf Bajrovic

Table of Contents

1. Focus on Public Participation	26
2. Political and Historical Background	26
2.1 History of Local Communities	27
3. Legal Framework of Submunicipal Governments	29
3.1 Legal Status of Local Communities	29
3.1.1 Republika Srpska	29
3.1.2 Federation of BiH	30
3.1.3 Brčko District	31
3.2 Competencies of LCs	31
3.2.1 Republika Srpska	32
3.2.2 Federation of BiH	32
3.2.3 Brčko District	33
3.3 Number of LCs	33
3.4 Financing Local Communities	34
3.5 Role of LC in Local Economic Development	35
3.6 Participation in the Public Administration Reform	35
4. Submunicipal Governance in Practice	36
4.1 Competencies and Autonomy in Planning	36
4.2 Local Economic Development and Strategy Design	37
4.3 Participation in Public Administration Reform	38
4.4 Attitudes towards Local Communities	38
5. Comparing the Practice with the Legal Framework	39
6. Critical Assessment of In-country Models	40
6.1 Differences of Legal Bases	41
6.2 Lack of Autonomy in Decision-making	41
6.3 Influence of Political Parties on LC Leadership	41
6.4 Limited Capacities for Participatory Management	41
7. Conclusions and Recommendations	42
Sources Cited	44
Notes	44

Executive Summary

The actual participation of citizens in decision-making at the local level in Bosnia and Herzegovina (BiH) is worryingly low. One concern for the government of BiH is meeting the standards of the EU concerning direct citizen participation, in accordance with the European Convention on Human Rights.

Apart from direct visits to mayors of municipalities, public discussions, and civil initiatives, the old participation traditions of *mjesne zajednice* (local communities) is poorly used. At the same time, governments in BiH are doing little to educate citizens about this aspect of their culture and make them a capable and competent partner in local development.

Local communities in BiH have different legal status: in the Federation of BiH they are an obligatory segment of the local self-government while in Republika Srpska municipalities are deciding whether to establish local communities or not. Consequently, some municipalities in BiH have not established local communities. However, a different legal status does not create a different role for local communities in BiH's entities—they are merely standing on the sidelines of the consultation processes and have no real impact on budget planning processes, the creation of development plans, etc.

Poor leadership capacities, unclear and uncertain financing of local communities, matched with a lack of competencies over decision-making in local communities in any sense, are some of the key problems of local communities in BiH. It is clear that local communities are not a partner of local governments in BiH in the decision-making processes, and thus are unable to fulfill their role. An absence of sincere intentions on the part of governments to improve the status of the local communities is not a good short-term forecast for the citizens of BiH.

Despite this, local communities in BiH possess a huge potential to articulate citizen participation in local public business. According to surveys, over 90 percent of citizens in BiH recognize local communities (LCs) as a key mechanism of citizen participation—and these LCs are practically a “brand” of citizen participation in BiH. This potential needs to be developed and integrated in local self-governments.

1. FOCUS ON PUBLIC PARTICIPATION

The actual, measurable participation of citizens in decision-making on the local level in Bosnia and Herzegovina (BiH) is worryingly low. Since one of the ongoing challenges for BiH is the realization of EU standards concerning direct participation, keeping in line with the European Convention on Human Rights, it is important to ensure effective solutions to this problem. Participation on a local level is of key importance for the future of BiH because of the principle of subsidiarity,¹ deeply embedded in the tradition of European administration.

Furthermore, there is a general lack of awareness about the participation mechanisms. Aside from direct visits to the mayors of municipalities, public discussions, and civil initiatives, the *mjesne zajednice* (local communities or LCs), which are the traditional mechanisms of civil participation, are under-utilized.

Many municipalities did not officially register all LCs in their territory.² Due to a lack of information and an inability to find suitable solutions, there is much confusion regarding citizens' participation.

The different forms of citizen's participation in local self-administration units (LSAU) have been dealt with in earlier research,³ and as one of the most perspective traditional forms of participation LCs have been identified. Thus, the primary goal of this chapter is to estimate the level of possible autonomy of LCs in a material or financial sense and assess their role and actual capacity to take over some jurisdictions in the realm of local self-administration, becoming an effective and recognizable part of LSAU.

Because Bosnia and Herzegovina is an extremely decentralized country, it is important to consider the potential importance of the LCs as a substitute for the present democratic deficit (caused by the multilayered and asymmetric administrative/political organization of BiH), which is mandated by the constitutional arrangement of BiH as a state.

2. POLITICAL AND HISTORICAL BACKGROUND

Local communities, as specific forms of citizen participation, are very important institutions in the context of European integration. The most important European document related to direct participation of citizens in the administration of public affairs is the European Convention on Human Rights (ECHR). This convention is particularly important in Bosnia and Herzegovina, because it is directly applicable in the domestic legal system.

The convention states⁴ that the direct participation of citizens is a right that must be guaranteed. However, implementation mechanisms for these rights have been left to the

discretion of member states. An overall overview and comparison of BiH's legal framework is beyond the scope of this study. The laws analyzed within this research guarantee the citizens of BiH—in accordance with European and international obligations⁵—the right of direct participation in decision-making.

Participation in the guidance of public affairs has been highly appreciated by the EU, not only as a goal or standard, but also as way to promote and protect democracy. The concept of the *EU citizen* has been founded on the active participation of citizens and has been viewed as one of the fundamental and basic goals of a united Europe. All drafts of the European Constitution have placed value on individuals and their participation. Thus, this part of the constitutional agenda was not marked by contesting opinions.

In accordance with these goals, the European Union, in a recently-established program “Citizens for Europe,”⁶ has made a clear distinction between legal guarantees and the need for creating specific measures with sufficient financial support. The reasons for these EU policies are prevention and amelioration of the damage incurred by a population retreating from public affairs.⁷ Therefore, the program of “Citizens for Europe” has been founded in cooperation with local authorities, which are the best entry points for citizens’ participation.

However, with regard to European goals, and standards like the promotion and strengthening of social cohesion and quality-of-life, the promotion of citizens’ participation is extremely important. The long-term potential of LCs in BiH is a key factor for choosing this mechanism as a basic form of direct citizen participation, which can function well with all other mechanisms.

2.1 History of Local Communities

Community organization in BiH can, arguably, be traced back to the Ottoman times.⁸ Self-reliance caused by a harsh landscape and difficulties in communication and travel is the characteristic that connects the different periods. The Ottoman system of *mahala* (neighborhood) organization in urban areas was deeply rooted in BiH, but that alone cannot be singled out as the basis for the present LC awareness. The periods of Austro-Hungarian rule and the first Yugoslav state introduced a number of different local governance mechanisms (village and “*srez*,” a larger area consisting of several villages, etc.), though the impact of those on the present LCs is not fully researched and goes beyond the scope of this study.

A large expansion of LCs in the late 1970s and the beginning of 1980s was brought about by the increased needs of citizens, especially in rural areas. Local communities had a powerful position in the constitution of the former Yugoslavia. Territorial reorganization was implemented in 1961 and the number of municipalities was reduced from 400 to 100. The constitutional changes in the Yugoslav Federation in 1963⁹ formalized an

existing communist concept from 1946, based on the existence of “peoples” boards in both villages and cities, by increasing the attention paid to the local governance.¹⁰

The phenomenon of the LC development can also be attributed to the economic development of the whole country, and the social development that it provoked. People suddenly had higher disposable incomes, and especially in rural areas, wanted to enjoy the fruits of technological advancement, like phones and electricity. However, road building was the most frequent reason for increased citizens’ involvement in LCs, as they could most effectively solve their common problems through their LC.

What is definite is that the LCs have been used as a local self-governance mechanism in BiH in the 1970s more frequently than before, and that they were not implemented or introduced by the state. As a result of this “LC Renaissance,” the LCs had the right to own their own property, and a had legal standing, unlike today.

In postwar BiH, the importance of LCs has diminished. The international community, which led the process of “democratization” in BiH, has not taken the LCs as a serious solution to local democracy. Hence, there have not been any considerable programs or funds invested in the development and capacity-building of LCs.

LCs as mechanisms for participation are particularly important for the representation of interests of vulnerable groups, defined by regional location, such as rural population and returnees. This is very important, because these two groups represent a high percentage of the BiH population. However, the maintenance costs of LCs are significantly higher than all other suggested options for participation, and the leadership’s legitimacy is questionable.

LCs in BiH, as prewar participation mechanisms, have not been used since. However, none of the new mechanisms¹¹ are used or recognized by citizens either. Promulgation of information about options for participation, and monitoring by higher levels of government are practically nonexistent. Despite poor information sharing, most citizens are ready, if summoned, to participate in decision-making.¹²

In practice, LCs and public discussions, as common participation mechanisms, are closely connected in BiH. The majority of public debate is held on the premises of LCs and announced on their information boards. These two mechanisms function extremely well in combination. When there is a lack of public discussion, representation of vulnerable groups’ interests is the strength of LCs; whereas if there is a problem with LC’s legitimacy,¹³ then it is partially mitigated by the openness of public discussion. But it should be kept in mind that the institutional strength of LCs and community cohesion is not reflected in other participation mechanisms (civil initiatives, municipal officials in charge of public participation, or public debate).

3. LEGAL FRAMEWORK OF SUBMUNICIPAL GOVERNMENTS

3.1 Legal Status of Local Communities

Entity and cantonal legal solutions have partially defined relations between local and middle-level governments, by encompassing LCs as a way of organizing and encouraging participation of citizens at the local level.¹⁴ However, whereas the Law on Local Self-governance of Republika Srpska “suggests” that municipalities establish the LCs and arrange a system for their functioning, the new Law on Principles of Local Self-administration in BiH allows for the possibility of the transfer of activities within the auspices of local governance to LCs,¹⁵ and treats them as a *mandatory form* of local self-governmental organization.¹⁶

However, municipal statutes define in detail the institution of LCs, where two points are most salient: First, the procedures of the establishment of LCs are described in detail, but with discretion left to the municipal authorities to give a final estimate about the necessity of founding of new LCs; second, statutes related to the business and financing of LCs render no autonomy in decision-making as to where and in which way funds shall be distributed.¹⁷

3.1.1 Republika Srpska

The Law on Local Self-governance of Republika Srpska (RS), which has been in effect since January 2005, gives great significance to the issue of citizens’ participation. Generally, this law allows RS municipalities to form (or not to form) local communities and to regulate the way they function within their area.¹⁸ Also, the law obligates the municipalities to develop other mechanisms that are not prohibited by the law.

The statutes of all the municipalities of RS treat a local community as a special form of citizens’ participation in local self-governance, which can be formed when there are conditions regulated by the statutes of the municipalities.¹⁹ The statutes of the municipalities in RS develop the institute of their local community in detail as a form of citizen’ participation. The procedure and criteria for establishing local communities are processed, often with formulations that always provide local assemblies with the possibility to assess the need for establishing new local communities, and gives them the possibility to reject such initiatives regardless of the argumentation.

This is the basis of the relationship between the LCs and the municipalities in RS, in the sense that it comes out from the laws and by-laws²⁰ that the LCs in the RS function as a service to the municipalities, in that they implement the activities transferred to them by the municipality, which at the same time transfers to them the funds for those activities.

The legally-observed election of LC's leadership is defined by the statutes of the municipalities, while the laws (RS and FBiH) have allowed the municipalities freedom of choice for public or secret voting.

In RS municipalities, the governing body of LC (the council) is elected directly at a citizens' meeting of the local community (optionally, by secret or public voting) with a four years' mandate.²¹ The citizens suggest candidates for members of the council. They are elected only by achieving a majority of votes. The election during LC is announced by the municipal assembly, and it is conducted by the existing council of LC.

If the existing president of the council of a LC does not organize a citizens' meeting for the election of a new council of the LC within the defined time period, the meeting will be organized by the mayor, and the procedure for the president's and LC council members' election will be implemented by the department of municipal administrative service.

3.1.2 Federation of BiH

The municipal statutes in the Federation BiH declare referendum, civil initiative, and civil assemblies as the major mechanisms for the direct participation of the population in decision-making. Between municipalities of the Federation there are differences in statutes concerning citizens' participation in decision-making, which span from innovative solutions (such as Center Sarajevo municipality) to the mere mention of the mechanism in some other municipalities. For example, the Sarajevo Center municipality holds elections for members of LCs. This practice is fairly new and has only been applied once at the time of writing. The downside is the low turnout (around 10 percent), while the positive influence of direct election of representatives in the LC council is the connection between voters and members.

Essentially, as in RS, the decision about the election of leadership in LCs is regulated by the municipal statutes, whereby each municipality can make its own arrangement for the election of LC leadership: a public meeting versus a more closed process. The relationship of the LCs and municipalities in the Federation of BiH is different compared with RS. The clear legal status, with an obligatory form of the local community that the LCs in FBiH have, gives them a position more like a partner, compared to the case of RS. LCs have the possibility to implement the activities transferred from the host municipality, and also to perform those activities, which are beyond the direct responsibilities of the municipality.²²

3.1.3 Brčko District

The Brčko District directly applies instruments from international law in this area. There are even concrete mechanisms which regulate the government's quick reaction to each request of its citizens. However, under present circumstances, by which Brčko has an unusual legal status within BiH, it is not possible to conduct objective comparisons with the rest of BiH, since the solutions from Brčko are not applicable to the rest of BiH, because the legal framework differs from the rest of BiH.

As for the *remunerations* for the work of the president of the LC council, the tendency is that municipalities in the Federation of BiH determine the remuneration, whereas in Republika Srpska and Brčko District that is not the case.²³ One proposed solution is calculating in the municipal budgets the expenditures on previously planned, smaller projects, which are proposed by the president of LC council, along with other criteria, such as area size, the size of population, etc.

Future solutions should consider other criteria as well, such as the level of the LC's development; whether it has either a "minority" population or returnees; the justification of planned activities, and how much those correspond to the overall municipal plan and development policy.

One proposal is to strengthen the position of LCs towards municipal authorities through common actions within forums of LCs.²⁴ However, prior to that, it is necessary to professionalize key positions in LCs, which preclude correspondent remuneration, education, training, and subsequent monitoring of the work of responsible individuals. This policy of LC's staff remuneration should be followed by a decrease in their number.²⁵

3.2 Competencies of LCs

Although the LCs in BiH entities (RS and FBiH) have different legal status (optional versus obligatory), something that they have in common is a possibility to cooperate with the other LCs. They also can submit proposals to the local authorities for changing existing plans and other issues that are municipal responsibilities. The municipal statutes confirm this right of the LCs and elaborate on it further through the legal enactment of lower rank (Decision on Forming LCs and the Rules of Local Communities).

We can conclude that the LCs in BiH are free, and even encouraged to cooperate with the other LCs (both within one municipality and among the neighboring municipalities), and can submit proposals related to the development and other plans of their municipalities. However, the above-described possibility of cooperation among the LCs has certain limitations in decision-making. In the RS, cooperation among the LCs is characterized by consultations or voluntary campaigns, because the LCs do not have

responsibilities in the sense of autonomy in urban, i.e., economic, planning of their municipalities. At the same time the LCs in FBiH have the additional capacity to carry out non-municipal activities, financing them by own resources.

3.2.1 Republika Srpska

According to the RS Law on Local Self-Governance, it is up to the municipalities to regulate by their statutes the operations implemented by the LC.²⁶ In connection with that, the LCs' competencies, as defined in the municipal statutes, comprise various citizens' initiatives: for changing regulations and city planning, environmental concerns, public utility issues, and maintenance of local roads. They can organize activities related to the implementation of referendum or to the needs of civil protection, culture, and sports.²⁷ Generally speaking, there is no autonomy when it comes to decision-making in the LCs.

Similarly, there are no defined competencies of LCs in managing property, because a LC does not have its own property, as it uses municipal property. Nor is there any legal basis that would enable the LCs to influence the management of public companies, except for submitting the requests for delivery of specific services, which are implemented through municipal administration.

Finally, the municipal statutes state the own revenues of the LCs, and grants by individuals or companies as possible sources of financing the LCs. It is the basis for LCs to manage their own budgets. Such a possibility is nevertheless questionable, because, according to the law, the LCs do not have the status of a legal entity, and consequently cannot hold their own account.

Additionally, the municipalities stress in their statutes that the municipal administration is in charge of all financial operations on behalf of the LCs. This means that possible LC own revenues (grants, self-contributions) must be paid by the LCs to the municipal budget. Then the municipality returns those funds to the LC through the financing of a specific activity, although there is no guarantee that a municipality is required to return the concerned funds to the LC. In essence, the LCs do not have a possibility to independently manage any form of budget.

3.2.2 Federation of BiH

The LCs in FBiH, based on their status as legal entities, are awarded significantly more responsibilities that enable them to make their own decisions. The LCs in FBiH are able to directly and independently make decisions about the tasks that are transferred from the municipalities to the LCs, including decisions about the management

of financial resources and the tasks financed from the sources directly raised by the LCs.²⁸

However, when it comes to managing property and public enterprises, the situation is similar to the one in RS: the LCs are responsible for the maintenance and management of the property of those facilities for culture, sport, etc., though they are owned by the municipality. Neither is the management of public enterprises the responsibility of LCs.

3.2.3 Brčko District

According to the Law on Local Communities of Brčko District, local communities have the status of a citizens' association. They can be created with the goal of allowing their members to participate in district-level institutions. However, local communities in Brčko District, despite their different legal status, have pretty much the same functions and responsibilities as the LCs in the other two BiH entities (Republika Srpska and Federation of BiH).²⁹

3.3 Number of LCs

Though LCs have a long tradition in BiH, in the postwar period there are but a small number of municipalities with functional and well-organized LCs. By the year 2005, only 65 percent of municipalities in BiH had established LCs completely.³⁰ The data below also indicates that 87 percent of RS municipalities had formed LCs, while the trend in the FBiH was somewhat different. The situation in 2007 is different, as the LCs are increasingly being re-registered.

Table 1.
Number of Local Communities in Two Entities (2007)

Entity	Number of			Budget of	
	local governments	submunicipal governments	LCs per local government	local governments	submunicipal governments
Republika Srpska	62	972 ³¹	18.0	EUR 302,553 M	EUR 2,192 M ³²
Federation of BiH	80	814 ³³	10.2	EUR 245,000 M	N/A

The number and size of LCs varies greatly, as each municipality can form them according to their own needs. For example, Doboj has 75 LCs, while Doboj Jug has only two. Also, there is little correlation between the number of LCs and population, size, or entity of origin of a municipality. However, the municipalities formed during the war adjacent to bigger centers in one of the two entities tend to be small, rural municipalities with a smaller number of inhabitants and LCs. Doboj and Doboj Jug are one example, while the situation is similar in some of the municipalities in RS around Canton Sarajevo, like Istočna Ilidža, which has only four LCs.

3.4 Financing Local Communities

Previous findings have shown that the organs of LCs make formal decisions which do not have executive character, but they are rather simple proposals, presented to municipal authorities.³⁴ In fact, executive decisions do not preclude funds from the municipal budget. Funds are provided for current expenditures for the minimal functioning of LCs.³⁵ The majority of municipalities in Federation BiH allocate money to cover ongoing administrative expenses of LCs' management, with the exception of the municipality of Livno. The situation in RS is also improving with regard to a recently adopted law on self-governance and the harmonization of municipal statutes with this law.

The municipal statutes in the Federation BiH have so-called "Rules of LCs," which provide funds for LCs. They are secured in accordance with the work program of the municipal council and municipal mayor, the appreciating needs and interests of LCs, and the capacity of the municipality. Provisions are usually at the discretion of the municipality in the case of funds earmarked for remuneration of LC council members. Decisions are made by the municipal council during the adoption of the budget.

By following the regulations of the new Law on Local Self-governance, municipalities ensure financial means for the work of LCs within the municipal budget. They are provided through services, in accordance with the work program of the municipal council and the mayor. Within these financial means, remunerations for the work of LC councils are decided by the municipal council in the adopted budget. Municipalities provide work premises for LCs, whereas equipment for those premises has often been supplied by funds from donor funding, at least in the cases of poorer municipalities.

Administrative services of LCs are limited to the issuance of documents, such as: registering changes in residents' address, issuing certificates, checking that the applicant has been registered in the database of social services users, issuance of phone accounts, child adoption, etc. All other administrative works and accompanied revenues remain in the possession of the municipality.

It is a problem that there is no permanent budgetary allocation for LCs to execute certain types of projects. Influence of LCs on budget planning and spending is not

constant, but rather depends on various factors, such as disposition of power, available means at municipal level, development plans of the municipality, but also on the ability of responsible organs and leading figures in the LC.

Although new municipal statutes leave space for empowerment of LCs this process is limited. There is a reluctance to empower LCs to manage their own property and in that way partially fund their activities.

3.5 Role of LC in Local Economic Development

According to appropriate legal provisions (Article 12 of the RS Law on Local Self-governance, and Article 8 of the FBiH Law on the Principles of Local Self-governance), the responsibility for local economic development in BiH was assigned to the municipalities (in the RS), and in FBiH to the cantons—which can be returned to the municipalities again.³⁶

Besides the mentioned law, there is no other legal or sub-legal act that provides additional clarification of this process in the Republika Srpska. Therefore, it is clear that the LCs in RS have not been appointed within the legal framework, either as obligatory or recommended planners of local economic development. Legally, the participation of LCs in local economic development in RS fully depends upon the individuals who manage the process of planning development in municipalities, that is to say, municipalities' mayors.

But the LCs in FBiH have been defined under the municipal statute and the rules on LCs as obligatory participants of the process of designing development plans (Article 44 of the Statute of Municipality Centar Sarajevo and Article 11 of the rules of LCs). Thus, the legal framework in the field of local economic development has only begun to be formulated in the context of the transitional process and the process of approaching the EU integration and is still not on the agenda of BiH authorities. The existing, formally-defined obligation of the municipalities to engage in the issues of local development has not been accompanied by legally-regulated implementation procedures. The process of planning local economic development in municipalities, taking into account the described situation, is mainly based only on international standards³⁷ of that process, which are brought by different consulting organizations that support the municipalities in that process.

3.6 Participation in Public Administration Reform

The process of the reform of public administration is the responsibility of either the higher authorities, entity or state, in BiH. The entities' constitutions and the BiH Constitution

clearly prefer “indirect participation,” which promotes an approach whereby the citizens’ representatives—not the citizens themselves—have an opportunity to participate in policy development.³⁸ There is a possibility of a “citizens initiative” in which the citizens may submit a proposal or an initiative for passing a law. In RS, a proposal for the new law must be initiated by at least 3,000 voters. However, in principle only one citizen is sufficient to initiate any legal act that is under the competency of the Parliament of RS.³⁹

When considering that only the legislative branch of the authorities prefer such an approach, the situation with the executive branch (the governments and ministries) is unfavorable for LC participation in policy design. Basically, there are no formal procedures that define the LCs as an obligatory participant in the process of designing policies. As there are no formal requirements, the participation of LCs in such processes depends on the good intentions of policy designers, so it is very uncertain or non-existent.

The impossibility of formal participation of LCs in public administration reform is supported by the fact that one of the conditions for the implementation of public administration reform is the development of “general administrative capacities,” including “institutional communication-dialog that would make public influence on the government’s policy possible in the future.”⁴⁰

We can conclude that the legal framework neither provides nor guarantees possibilities for LC participation or influence on the decentralization process in BiH (whether it is RS or FBiH). On the contrary, there are no indications that LCs are considered as partners in the process of the decentralization of government by higher levels of government, since there are no plans for involvement of LCs in the decentralization process.

The overall analysis of policies of local authorities toward the LCs suggests that the local authorities are of the opinion that the decentralization issue ends with the municipalities,⁴¹ and that there is no need to consider a possibility of decentralization of the local authorities themselves in order to award certain responsibilities to the LCs. A contributing factor is that local authorities are unable to contribute to policy design, another indicator of the lack of institutional influence of local self-governments on policies relevant to them.⁴²

4. SUBMUNICIPAL GOVERNANCE IN PRACTICE

4.1 Competencies and Autonomy in Planning

The legal framework for the potential cooperation between LCs in BiH suggests vast possibilities for LCs to initiate and implement coordinated activities. But finances are a limiting factor: LCs may initiate and implement activities only if they are paying from

their own sources. In practice, neighboring LCs frequently cooperate, primarily in infrastructure development like roads.⁴³ In addition, LCs cooperate on joint initiatives in host municipalities in order to increase their chances for municipal investment.

Besides the mentioned self-financing, there are cases in which LCs enter more complex partnerships that include tripartite support for LCs' projects: joint financing by LCs, municipalities, and third parties, usually foreign nongovernmental organizations or agencies.⁴⁴

Box 1.

Cooperation between Municipality and Local Community—The Case of Doboj

Communication between the LCs and the municipality is unsatisfactory and this is a reason why Doboj Municipality joined the project "Development of Municipalities in BiH—MDP" as a partner to the Swiss organization Intercooperation. Those activities resulted in a number of cases of cooperation between the municipality and some LCs. More specifically, the program of leadership training covered a total of 21 LCs (a little less than 30 percent of the total number of LCs), which resulted in designing a total of 24 project proposals by the leaders of involved LCs, relating to the resolution of important problems in those communities.

4.2 Local Economic Development and Strategy Design

The practical role of an LC in local economic development (LED) follows international standards, almost exclusively in the sphere of planning and LED design.⁴⁵ LCs mainly participate in the process of the identification of needs, SWOT analysis, and in the discussions on strategy finalization.⁴⁶

Looking at the planning stage, one can get the impression that the LCs have significant influence on the described process. However, the absence of a formal definition of the role of LC in the process opens up the door to various interpretations by local authorities. The level of participation of LCs depends on the readiness of local authorities to include them. Also, the selection of LCs involved in the process is usually political.

The participation of LCs in the implementation process of LED strategy is minimal or non-existent, too.⁴⁷ Such a situation is not necessarily connected to the lack of readiness of local authorities to include the LCs, but is also explained by the lack of expertise. The responsibility for implementing strategies is mainly delegated to local development agencies. The process is monitored by the mayors and municipal assemblies, based for the most on predefined indicators and plans.

4.3 Participation in Public Administration Reform

The reform of public administration in BiH is based upon two important documents:

- *Reform Strategy of Public Administration in BiH,*
- *Development Strategy of Local Self-Governance.*

The *Reform Strategy of Public Administration in BiH*⁴⁸ is a government document, formally adopted by all high-level authorities (state, both entities, and Brčko District) in mid-2006. Its goal is to reform public administration in BiH to enable it to provide adequate services to its citizens. This document addresses the reform of administrative procedures, human resources, information technologies, and other areas. However, it stops at those levels of government which were directly involved in the process of strategy design. There is a complete absence of local self-government. Nor is there reference to them in the document. So LCs do not participate in this process either.

This is surely not a strong point of this strategy, nor does it not help its implementation or sustainability. The “top-down” approach was probably easier for the strategy designers, but it is vital for the public to take part in the decision-making process.

The *Development Strategy of Local Self-governance*⁴⁹ is not a document formally adopted by entities’ and state authorities, although it should have been. The strategy—created together by the heads of successful local self-governments, nongovernmental organizations with expertise in the field of local self-governance, as well as the representatives of academic community, and practitioners—responded to the problems in the reform of local self-governance. It was adopted in May 2006 by the representatives of key local actors of local self-governance, and should have been a contribution to the strategy of public administration reform.

As this strategy has not been officially adopted by the higher-level authorities, it is hard to see how LCs can influence the reform process. Nevertheless, this strategy is useful in two ways: (i) as a motivating factor for the LCs, indicating that it is possible and useful to participate in the policy design process; (ii) as an example to the authorities regarding the importance of inclusion of the LCs in the processes.

4.4 Attitudes towards Local Communities

The fact is that a relatively small number of the population has any experience in cooperating with the LCs or in participating in LCs’ activities.⁵⁰ This is a clear indicator of a prevailing lack of understanding of the work of LCs, and consequently the leadership in local communities. Although the LCs’ leaders, that is the members of the local

community council, are mainly elected by the general public (assembly of citizens), and to a lesser degree by secret ballot (elections), the information on the elected leadership in the LCs is very limited.

The significant presence of political parties in the processes of electing LC⁵¹ leadership is an additional burden on its relationship with the citizenry. The parties nominate their representatives (even entire lists for the LCs' councils). They are engaged in active lobbying in LCs for the election of their candidates in these councils. This practice is in conflict with local goals of having respectable members of communities elected. Consequently, there is a mistrust on the part of citizens that the municipal authorities work for their own benefit.⁵²

Finally, the capacities of elected LC leaders mostly do not correspond with the required management responsibilities. Those persons who have more free time (usually the older ones) take over the functions of LC leaders, though they have either obsolete or insufficient skills in the communication process, participatory planning, representation, etc. This significantly deteriorates the faith of the citizenry that the LC leaders wish to represent them, rather than being the puppets of local authorities.

As for the citizens' opinion on LCs, the situation is quite different. As the LCs have quite deep roots in society, the citizens are aware of their purpose and support LCs.⁵³ Positive opinion concerning LCs as the institution of citizen participation is mainly related to good memories of LC's quasi-decision-making powers, rather than with the current role of LCs.

5. COMPARING THE PRACTICE WITH THE LEGAL FRAMEWORK

The difference between the condition of LCs enacted by the law and the one realized in practice is very clear. Critical review shows that the government implements the minimum of their obligations to LCs; those which have been enacted by the law. Some municipalities did not harmonize their statutes with the law (although they were obligated to do so), and the issue of responsibility for not acting in accordance with the law is not considered. Other municipalities have harmonized their statutes with the law, though they do not implement them in practice.

It is clear that legislators in BiH (higher level of government—entities, cantons), have not enacted and/or do not implement the monitoring process of the application of the laws passed.

Finally, *ad-hoc* cooperation between local self-governments and LCs is noticeable, even without the processes enacted by the law. A model of preparing local development plans or annual budget design is a good illustration for cooperation.

More concretely, three key conclusions can be drawn:

- (i) Legal solutions did not lead to the desired participation of citizens and the role of LCs for which they were created;
- (ii) LCs, at the moment, only have the potential to contribute to a more efficient local self-governance;
- (iii) Nominally, rural and urban LCs are formally the same, but in practice they are different.

While compliance with the European Charter on Local Self-Governance⁵⁴ was positively evaluated by the experts, the BiH laws in the field of local self-governance treat LCs⁵⁵ differently. Despite the legal differences in both BiH entities, problems originate more from poor application of these laws and low willingness of local authorities to make LCs more functional. However, depending on individual motivation and energy, LCs are still the most recognizable mechanisms of citizen participation.⁵⁶

The situation in rural LCs is significantly different from the urban ones, where citizens have better access to public and communal services. There are no positive changes in living conditions unless the residents of rural LCs initiate them. This situation was similar under the socialist regime, and is similar during the development of transitional multiparty society.

This resulted in contrasting perceptions of LCs in rural communities versus urban communities. Urban citizens see LCs as an organizational structure of local self-governance—with all the previously-mentioned problems. The citizens of rural areas see LCs as a tool for the articulation of cooperation among its citizens in order to solve their communities' problems. Rural communities have a greater sense of ownership over LCs than the citizens of urban areas, since they rely on each other, either in solving their communities' problems or in cooperation with local authorities.

6. CRITICAL ASSESSMENT OF IN-COUNTRY MODELS

Very few municipalities understood that the lack of detailed legal provisions on the cooperation of municipalities with the LCs was an opportunity to make cooperation better and more meaningful. The majority of municipalities actually used that relationship to marginalize the LCs.

The issue is whether the existing model of LC, as a form of citizen participation in decision-making, actually serves its purpose, or whether it is an accomplice in generating citizens' mistrust toward the local authorities, and politicians. Is the existing model based on real needs or is it simply a legacy of the past, which enjoys a positive perception of the citizens, that is difficult to abolish.

6.1 Differences of Legal Bases

The existence of three different legal bases for the work of LCs in BiH (RS, FBiH, and Brčko District) is indicative of a clear disharmony in the legal regulations. As they expect the activities delegated from the municipality in such a way, the LCs are unable to fulfill their primary role of citizen representation towards local authorities. The optional character of LC status implies the absence of any binding managing processes in the LC. This results an LC that depends upon the personal characteristics of its leadership, rather than on any accountable action.

6.2 Lack of Autonomy in Decision-making

In BiH Federation, the LCs have the possibility to manage their own funds (self-contribution, other sources of funds, etc.), as well as the funds of the municipalities in the case of transferred municipal responsibilities. Although this is good opportunity, LCs, in reality, very rarely use this right, because they simply do not have any financial means.

The situation in RS is both worse and clearer. There is no possibility for the LCs to have their own funds, therefore they do not have any opportunity to make autonomous decisions.⁵⁷ In such circumstances, the LC leadership is only formal, without any decision-making powers.

6.3 Influence of Political Parties on LC Leadership

The political parties saw the LCs as their political bases. Though the election of leadership is a shared matter, citizens should elect respectable members of their communities in public gatherings. The political parties turned that process into a political fight in the local arena. Offering the lists of candidates at the gatherings of citizens, with pre-created agendas for lobbying in the stage of preparation of those meetings, the political parties have stolen this process from the communities, and turned it into a political issue, and a tool that will make easier for them the future management of local self-government.

6.4 Limited Capacities for Participatory Management

Finally, one of the key challenges of LCs ability to function in BiH is the diminished capability of the politically-elected leaders. Their involvement considerably reduces the already weakened perspectives of the LCs in contributing to community development.

In most cases, they have obsolete management skills, typical of the previous socialist system, based on uniform opinion and an absence of a participatory approach. At the same time, they are unwilling or unprepared to adopt new skills and knowledge (IT, planning processes, communication with the community, etc.).

7. CONCLUSIONS AND RECOMMENDATIONS

- (i) *Decentralization of power does not end at the level of municipalities/cities.* The same principle must be applied to the level of local self-governance, and an adequate part of responsibilities/competencies of municipalities should be transferred to the local communities (LCs). The essential cooperation between the citizens and the local authorities will not exist until at least some power (competence, responsibility, resources) is delegated to the local communities themselves.

Currently, it is difficult to specify the functions to be allocated to LCs since there is a sizable difference between the municipalities in BiH. Additionally, it is the intention of the BiH governments to reform the current models of local self-government, particularly in the areas of fiscal decentralization and the model of municipalities. The current situation, where all municipalities (big/small, rich/poor, rural/urban, etc.) have the same responsibilities towards citizens, is no longer sustainable and is in need of improvement.

It is possible that a broader discussion will be launched about these issues, including the position of LCs. Here, the key argument is that decentralization should give more powers to LCs, which are close to the citizens. Potential concrete initiatives and proposals for empowering LCs are, as follows:

- Give some executive power to the LCs in decision-making on at least a small budget within every LC for solving small-scale community issues;
- Give an opportunity to the LCs for project-based communication with their municipalities (LCs can create projects and apply for additional resources for concrete problems in LCs on a competitive basis, which would provide opportunities and would strengthen competitiveness between LCs;
- Increase the effectiveness of the LCs role in the budget-planning process, as well as in designing the development plans within municipalities.

- (ii) *The LCs are forums for citizen participation in BiH with significant potential that should be developed further.* They should not be forsaken because of their connection with the previous system.⁵⁸ The comparative advantages of LCs are the continuity of their operation, the better understanding of the public purposes, and a generally positive public attitude towards the organization of communities due to their pre-established

institutional structure. The challenges of the efficient functioning of the LCs in the field of elections and the capacity of leadership and management comprise good opportunities to improve the situation during a certain time period.

- (iii) *The existing legal framework that defines the local self-governance in both entities of BiH is generally positive, but should be further upgraded.* This is especially true in the fields of the mandatory existence of the LCs in the municipalities (in RS) and defining responsibilities, competencies, elections, and the education of LCs' leadership (in FBiH and RS).

The relationship between LCs and municipalities, as primarily defined by the statutes of the municipalities and rules of LCs, is rather formal, so obligations of the municipality towards LCs should be clarified. There is too much discretion at the municipality level, which would benefit from further amendments to the statutes.

- (iv) *It is indispensable to empower LCs to the level of self-governing units.* Their development must be in line with municipal policies, which ought to take the largest portion of responsibility for the affirmation and development of LCs. In this sense, one of the priorities is the standardization of regulations on the establishment and functioning of LCs in the statutes of municipalities.

Through their statutes, municipalities ought to ensure support for LCs in the following areas: ensuring permanent communication channels with LCs; transparent election of leadership; a guaranteed budgetary allocation for basic LCs expenditures, as well as for smaller, locally important community projects; assistance to LCs in proposing projects to municipal branches; introducing standardized award procedures in budgetary-planning allocations in poorer municipalities, which should be in accordance with need, and the estimated administrative expenditures; including mid-level government; cooperation of smaller and poorer LCs, technical and educational work on development of LCs; introducing forums of LC leadership for joint actions regarding municipal authorities, together with interested NGOs and donors.

- (v) *Strengthening public awareness on the importance and modes of participation of citizens in decision-making in general.* The existence of formal mechanisms that enable citizens to influence the work of the authorities is important, but also almost useless if citizens are insufficiently aware of the importance and the need of participation in the decision-making processes. Public awareness is developed gradually and is a demanding process in terms of time, unless the society makes efforts in a targeted manner to support and accelerate that process. Educational campaigns as well as a systematic upgrading of the education system can significantly contribute to the improvement of this process.

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NOTES

- ¹ The subsidiarity principle envisages decision-making at the levels closest to the citizen whenever that level can fulfill that role and its obligation to the citizens.
- ² Local communities developed very quickly in BiH during the 1970s through a very effective governance mechanism in rural areas where the citizens used them for building of roads, sewage, and water systems, etc.
- ³ *Centri Civilnih Inicijativa* report from 2006, Open Society Fund fellowship 2006, UNDP Human Development Report from 2004, and other relevant research.

- ⁴ Article 3 of ECHR guarantees this right.
- ⁵ Beside ECHR, BiH has signed and ratified the ICCPR, which defines the right to direct participation in Article 25 in a similar manner to ECHR. The right to participation guarantees that every citizen has the right and possibility to take part, directly or indirectly through freely elected representatives, in the conduct of public affairs. ICCPR Article 25, UDHR Article 21, ECHR, Article 3, Protocol 1, CEDAW Articles 12 and 14, Committee for Human Rights General Comment 25.
- ⁶ The goal of this program is to promote active European citizenship.
- ⁷ Due to the fact that the EU has thus far been the community of governments, requests for a new European Constitution have a strong resonance among citizen associations which advocate inclusion of citizens in governance processes in EU.
- ⁸ The differences in views on local self-governance in BiH essentially lie in the different interpretations of the source of the communist system on the local level. There are those, like Mr. Zdravko Zlokapa, who think that the strength of the municipal, or local, is derived from the system established by the Communist Party which wanted to consolidate its control. There also is a more classical view based on the historical reliance on local elite from Ottoman times, and its control over life through the local units. This second view is not only specific to Bosnia and Herzegovina, but it is applied to other post-Ottoman societies as well.
- ⁹ See 1963 Constitution of Socialistic Federal Republic of Yugoslavia. Available at: <http://sr.wikisource.org/sr-el>.
- ¹⁰ The Communist Party of Yugoslavia developed a peculiar system of socioeconomic governance, so-called "self-management" which relied on creating local elites in each of the municipalities. The peak of the Yugoslav economic boom happened in the 1980s and the power located at the local level grew considerably because of the connectedness of the local power-holders within the party and the enterprises which were run by the local elite.
- ¹¹ "BiH Municipalities and EU: Direct citizen participation in policy making at local level," OSF Policy Fellowship Program 2005/2006, pp. 37–41: all together four participation mechanisms were analyzed whereby the LCs have been identified as a good solution in terms of representation of rural and returnee communities. Also, LCs have the long-term capacity to become a strategic partner of NGOs. Besides these advantages, the LCs are the most recognizable and understandable entities to citizens, which is why they are most often used and easily identified. The other advantage is that they are physically most accessible where they exist.
- ¹² Ibid.
- ¹³ Ibid; LCs major weaknesses are maintenance costs and weak legitimacy of leadership caused by strong polarization along party lines.
- ¹⁴ "Where Does the Decentralization of Authorities in BiH End?" CCI, September 2006, p. 7. The report on the research states: "RS Law on Local Self-government which has been applicable since the beginning of 2005, deals to a good measure with the citizen participation." Local governments are obliged to develop various mechanisms for citizen participation, and besides the suggested measures it suggests that municipalities develop other

mechanisms not forbidden by the law. It specifically treats LCs, leaving the municipalities the possibility to form them and regulate their functioning (Local Self-governance Law RS, Articles 106–109).

- ¹⁵ Law on Principles of Local Self-government FBiH 2006, Article 30.
- ¹⁶ Ibid, p. 24.
- ¹⁷ “Where Does the Decentralization of Authorities in BiH End?” CCI, September 2006, p. 10.
- ¹⁸ The Law on Local Self-governance of RS, Articles 106–109.
- ¹⁹ Before the analysis we have to include a methodological remark. All analyzed municipal statutes in RS are very similar and contain almost the same solutions although they have not been done in the same, typical form. The high level of similarity of the statutes we analyzed leads us to believe that other statutes are also similar, and that the conclusions we made can be generalized.
- ²⁰ RS Law on Local Self-governance; Statute of the Municipality; Decision on Forming the LCs.
- ²¹ See the Statute of Laktasi Municipality, Article 79 from 2005—available online: <http://www.laktasi.net/Dokumenti/PDF/statut.pdf>.
- ²² Article 37 of the Statute of Municipality Centar Sarajevo.
- ²³ Ibid, 2006, p. 12.
- ²⁴ Ibid, 2006, p. 13.
- ²⁵ Ibid, 2006, p. 20.
- ²⁶ RS Law on Local Self-governance, Article 107, paragraph 2.
- ²⁷ See Article 77 of the Statute of Laktasi Municipality, available online: <http://www.laktasi.net/Dokumenti/PDF/statut.pdf>.
- ²⁸ Article 36 of the Statute of Municipality Centar Sarajevo, and Article 20 of the Rules of the Local Community of Municipality Sarajevo Centar. Available online: <http://www.centar.ba/images/pdf/Ostalo/Statut%20OC%202002.pdf>.
- ²⁹ Dr. Zdravko Zlokapa (2005) “Constitutional, Legal and Other Regulations That Define Citizens’ Participation in BiH.” March 2005.
- ³⁰ “Where Does the Decentralization of Authorities in BiH End?” CCI, September 2006, p. 10.
- ³¹ In 54 local governments, as eight do not have local communities.
- ³² 12 local governments do not have LC budgets.
- ³³ 29 local governments did not report on the number of LCs.
- ³⁴ Ibid, 2006.
- ³⁵ Ibid, 2006. Within this research the following was found: “...that within municipal budgets it is necessary to, on the basis of the size of LCs, number of inhabitants, and practice from earlier years, allocate minimum of resources for solving of non-capital but mainly urgent

problems, on which the LC council will directly decide and allocate the resources. The amount of those resources is estimated between BAM 5,000–10,000 depending on the size of LC.”

- ³⁶ See “Lessons (not) Learned from LED Case Studies in BiH,” EDA Banja Luka, 2007, p. 13. Available online: <http://www.edabl.org>.
- ³⁷ These are the planning aspects: participatory planning (partnership of the public, private, and civil sectors; focus on the issues and problems to be resolved; detailed implementation plans for the implementation; and the indicators for monitoring (Swianiewicz 2004).
- ³⁸ Speaking of the entity level, in the Republika Srpska, indirect participation also represents a mainstay of the political system, though it is *possible* to complement it with direct forms even if the National Assembly deems it necessary. However, issues do *not have to be (obligatory)* exposed in front of the citizens.
- ³⁹ This is logical interpretation of the Article 170 of the Operating Procedures of the National Assembly of RS. Its literal interpretation refers to the conclusion that at least two citizens are necessary for starting an initiative, or two municipal assemblies, or two associations, since this article has been written in the way that it can be interpreted differently, and so far nobody has requested its genuine interpretation. The disputable Article says: “An initiative for passing laws or other acts within the competence of the National Assembly can be given by municipal assemblies, firms, other organisations, political organisations, associations, and citizens.” All potential authors of initiatives are listed in plural; this may be grammatically more correct than in singular, but this other way would not cause confusion.
- ⁴⁰ See “Brief Overview of the Strategy of Reform of Public Administration,” p. 3. Available online: <http://www.cstp.undp.ba/download.aspx?id=594>.
- ⁴¹ See CCI’s Report “Where Does the Decentralization of Authorities in BiH End,” September 2006. Available online: <http://www.ccibh.org>.
- ⁴² “It is noteworthy that the municipalities were enabled for the first time to participate in the drafting of the law at this stage.” See full text available online: http://www.sogfbih.ba/Federation-Bos/Partners_and_projects/GAP.
- ⁴³ Source: interview with the presidents of the councils of two LCs of Doboj Municipality, LC Stanovi, and LC Makljenovac.
- ⁴⁴ See online: <http://www.mdp.ba/novosti.php>.
- ⁴⁵ “There are cases of designing local economic development plans of municipalities in which the LCs have not been included at all until the moment of designing the draft of the development plans, when they were then able to make their comments.” Source: interview with the representative of the project Development of Municipalities MDP/Intercooperation in BiH.
- ⁴⁶ Source: interview with the NGO MakMost Doboj and representatives of LC of Doboj Municipality, representatives of the process of designing LED in that municipality.
- ⁴⁷ See “Lessons (not) Learned from LED Case Studies in BiH,” EDA Banja Luka, 2007, p. 17. Available online: <http://www.edabl.org>.

- ⁴⁸ Available online: <http://parco.gov.ba>.
- ⁴⁹ Available online: <http://www.edabl.org/publikacije.htm>.
- ⁵⁰ According to the results of a survey by Prism Research, “Study of Local Administration and Delivery of Public Services” of March 2007, 25 percent of citizens participate in the work of LCs.
- ⁵¹ 63 percent of respondents in CCI’s survey said that the political parties had some and/or big influence on elections in LCs: see CCI’s survey “Where Does the Decentralization of Power in BiH End?” September 2006. Available online: <http://www.ccibh.org>.
- ⁵² The same as footnote 23—only, the percentage of citizens who believe that the decision of the local authorities reflect their priorities is 1.8 percent.
- ⁵³ See CCI’s report “Participation of Citizens in Decision-Making for 2006,” January 2007, Figures 5 and 8 on pp. 23 and 25. Available online: <http://www.ccibh.org>.
- ⁵⁴ Broader analysis is available in the document “Analysis of the Situation of Local Self-Governance in BiH,” pp. 22–23, EDA Banja Luka, May 2005. Available online: <http://www.edabl.org>.
- ⁵⁵ According to the Law on Local Self-governance, an LC is not an obligatory part of local self-governance in RS, while in FBiH, according to the Law on Principles of Local Self-Governance, the LC is an obligatory part of local self-governance and has a legal status.
- ⁵⁶ See “Report on the Situation of Citizen Participation in BiH for 2006,” Table 5 on p. 23. Available online: <http://www.ccibh.org>.
- ⁵⁷ If the LCs in the RS raise donations from their citizens or companies in order to resolve problem in the community, and those funds have to be paid by the LCs into the municipality’s account, which then makes the payment of those funds (although it is under no formal obligation) to the LC’s suppliers of services or goods.
- ⁵⁸ See “Report on the Situation of Citizen Participation in BiH”—the table entitled Used Participation Mechanisms, p. 20. Available online: <http://www.ccibh.org>.

Submunicipal Governments and Decentralization in Bulgaria

Governance Practices in Rural Municipalities

Emil Savov

Table of Contents

1. Review of Fiscal Decentralization Reform Since 2002 and its Impact on Local Governments.....	53
1.1 Main Outcomes.....	53
1.2 Key Qualitative Characteristics	53
1.3 Disparities across Municipalities	54
1.3.1 Own Revenues Per Capita	54
1.3.2 Municipal Net-cash Balance	55
1.3.3 Municipal Expenditures for Education Per Student	56
2. Development, Forms, and Functions of Mayoralties	56
2.1 Historical Review	56
2.2.1 Main Demographic Characteristics of the Mayoralties.....	59
2.2 Current Status of the Submunicipal Democratic Model.....	59
3. Assessment of the Submunicipal Democracy Model.....	60
3.1 Political Representation.....	60
3.2 Relationships between the Different Levels of Governance.....	62
4. Service Provision Responsibilities	64
5. Service Management and Financing Models.....	67
5.1 Typical/Centralized Model.....	68
5.2 Advanced Model.....	68
6. Capacity and Performance.....	70
7. Main Issues and Proposals for Policy Changes	71
7.1 Proposed Measures.....	73
7.1.1 Short Term	73
7.1.2 Medium Term.....	74
7.1.3 Long Term.....	75
Appendix.....	76
Notes	77

Executive Summary

Since the adoption of the first Financial Decentralization Program in 2002 in Bulgaria, the implementation of the decentralization reforms has marked positive changes in local governments such as an increase in the municipal own revenues, clear division of service delivery responsibilities, simplification of the intergovernmental transfer systems, and an increase of municipal investment, thus contributing to the attainment of the reform objectives. However, the reforms impose policy choices regarding the role of the submunicipal structures in the process of decentralization and provide challenges and opportunities that introducing further decentralization of local governance imply.

The municipality is the main administrative and territorial unit of the local self-government. The submunicipal territorial structures that contribute to the better provision of local services are the mayoralties. They are typically small—under 1,000 inhabitants. Mayoralties have very limited powers. The legislation treats them as deconcentrated structures of the municipality. The municipal council determines the specific powers of the mayoralty's mayor and the mayor of the municipality may assign some of his/her functions to the mayoralty's mayor. Though elected by the population, the mayors of the mayoralties may only control the implementation of activities within their territory for which the municipality has made a decision.

The relations of mayoralties with the municipality are in all competencies of the local governments and the broadest area includes the planning, implementation, and reporting of the municipal budget in its section regarding the mayoralty. What characterizes the relations between the local government and the mayoralties is the different extent to which powers have been transferred in different municipalities. Usually, mayoralties are administratively dependent on the municipal government. There are individual examples where they are given greater authority to make decisions, appoint staff, determine compensations, etc. With respect to financial decentralization, two models exist. Under the typical model of service and finance management, the mayoralties do not have their own budgets, even analytical ones, and do not provide administrative or technical services. An alternative model exists in a few municipalities, where the municipal council grants powers to the mayoralty's mayor to determine the level of fiscal and service delivery autonomy at the mayoralty level. Good practices also exist regarding the participation of the population in decision-making at the

level of mayoralties and the participation of the mayoralties' mayors in making decisions by the municipality on issues related to the development of the mayoralty.

The decentralization process should be further developed to raise the status of the mayoralty to a basic self-governing community. Obviously, such reform will require more time, political will, and action. Some measures—such as the dissemination of the existing good practices in the interaction between municipality and mayoralties and the transfer of services, resources, and powers to mayoralties—could be implemented within the framework of existing legislation and in the short to medium term.

The further progress of these interactions will require changes in the laws regulating the administrative, territorial structure, and the functioning of local self-government in the country and will be marked by long-term measures.

1. REVIEW OF FISCAL DECENTRALIZATION REFORM SINCE 2002 AND ITS IMPACT ON LOCAL GOVERNMENTS

This section describes the progress made since 2002 in implementing fiscal decentralization reforms, their impact on the local sector, and the need for adequate efforts towards further decentralization below the municipality level. The changes envisaged in the government's two consecutive Financial Decentralization Programs (2002–2005 and 2006–2009) created conditions for: (a) an increase of municipal own revenue; (b) a clear division of service delivery responsibilities; (c) a simplification of the intergovernmental transfer system; (d) an increase of municipal investment, thus contributing to the attainment of the reform objectives.

1.1 Main Outcomes

- Past mechanisms used to reduce state transfers when municipal own revenues marked growth were eliminated, thus removing the factor which was a main disincentive for the generation of municipal own revenues;
- The local governments were granted full powers to define the base and rates of local fees, and to grant tax exemptions for specific population groups;
- Definite advancement was scored in respect to local governments' authority to administer local taxes and fees;
- A substantial increase in the use of debt for municipal infrastructure after 2004;
- A stable, simple, and predicable system of transfers was achieved;
- A proposal for the expansion of the real-estate tax base was introduced to allow a further increase of municipal revenue;
- The Constitution of the Republic of Bulgaria was amended in 2007, allowing municipal taxing powers as of the beginning of 2008.

1.2 Key Qualitative Characteristics

Municipal own revenues increased by 57 percent in 2004, compared to 2002, and by 39 percent for 2006–2004. Own revenues also increased at a higher rate compared to all municipal revenues, which has led to an increase of the share of own revenues in total revenues. This share was 23.7 percent in 2002, 30.5 percent in 2004, and reached 34.8 percent in 2006.

Transfers are specified by law in a predictable way (80 percent of grants). The only exception is the targeted subsidy for investments the amount of which is set annually by the State Budget Act.

Investment expenditures of the municipalities increased substantially during this period. They reached 21 percent of the total expenditures of the municipalities in 2006. By comparison, in 2003, their portion was 10.7 percent, and in 2004 was 11.3 percent.

1.3 Disparities across Municipalities

Table 1.
Grouping Municipalities by Population Size

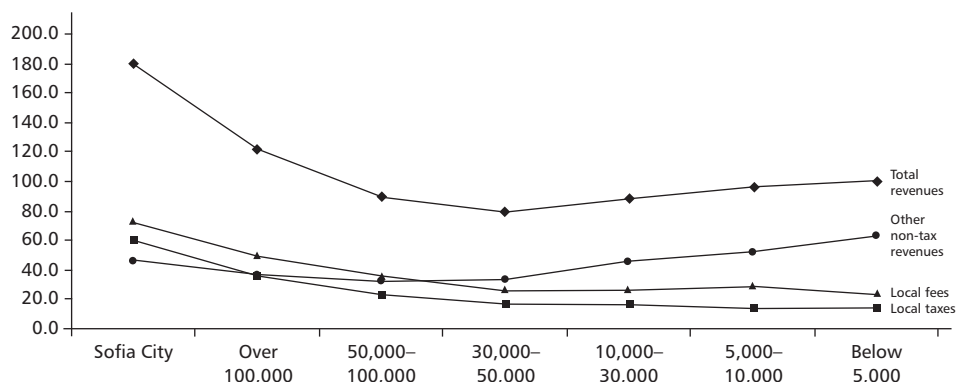
Groups of municipalities by inhabitants	Number of municipalities	Relative portion of the number of the municipalities (%)	Relative portion of the population (%)
Sofia	1	0.4	15.5
Over 100,000	10	3.8	23.3
50,000–100,000	22	8.3	19.6
30,000–50,000	19	7.2	8.9
10,000–30,000	113	42.8	25.0
5,000–10,000	69	26.1	6.4
Below 5,000	30	11.4	1.3
Total	264	100.0	100.0

1.3.1 Own Revenues Per Capita

The variation coefficient has increased from 77.8 percent in 2002, to 108.2 percent in 2004. There is a direct correlation between the extent of disparity and local government powers. The intermunicipal disparities in terms of tax revenues are the lowest—starting from 59.7 percent in 2002, they increased by 28 percent to reach 76.4 percent in 2004. The variation coefficient for the local fees was 76.3 percent in 2002, and 99.8 percent in 2004. The other non-tax revenues are characterized by the biggest disparities—the variation coefficient has increased from 126.5 percent to 181.1 percent.

The large and small municipalities have more own revenues per capita, due to other non-tax revenues. However, local tax revenues and revenues from local fees increase with population size. The relationship between own revenues per capita and the population size is presented in Figure 1.

Figure 1.
Own Revenues Per Capita for 2004 by Groups of Municipalities



1.3.2 Municipal Net-cash Balance

Net-cash balance is calculated as the difference of budget revenues (budget plus overdue receivables) and expenditures (budget plus overdue liabilities). At the national level, the municipalities closed the fiscal year 2005 with a positive net balance of BGN 187.2 million, which was an increase of about BGN 20 million compared to 2004. It is comprised of a positive balance of BGN 214.8 million in 209 municipalities, and a negative one of BGN 27.6 million in the other 55 municipalities (Table 2).

Table 2.
Cash Balance

Groups of municipalities by inhabitants	Net-cash balance				
	BGN/capita	Positive		Negative	
		BGN/capita	Number of municipalities	BGN/capita	Number of municipalities
Sofia	32.9	32.9	1	0.0	0
Over 100,000	29.5	37.1	9	–99.0	1
50,000–100,000	11.8	22.1	17	–21.9	5
30,000–50,000	21.0	26.8	16	–15.3	3
10,000–30,000	23.4	32.6	91	–16.9	22
5,000–10,000	22.3	36.1	51	–13.5	18
Below 5,000	42.8	58.3	24	–13.1	6
Total	24.0	31.9	209	–25.6	55

The data shows that, with the exception of Sofia, each group includes municipalities with surplus and deficit. For all groups the compensated result is positive. The deficit amount is increasing in all groups, with the exception of the municipalities with populations of between 5,000 and 10,000 inhabitants.

A smaller number of municipalities have a larger surplus on average. In 2004, there were 214 such municipalities, and the average surplus was BGN 27.3 per capita. The average deficit also increased, namely BGN –25.6 per capita, compared to BGN –20.4 per capita in 2004. We can conclude that, according to this indicator, the difference among the municipalities is increasing.

1.3.3 Municipal Expenditures for Education Per Student

The cost of education services shows that the smaller the municipality, the “more expensive” a student. In general, in the reviewed period (2003–2005) the growth of per-capita education costs was higher in the smaller municipalities.

Table 3.

Expenditures Per Student in Comprehensive Schools by Groups of Municipalities

Groups of municipalities by inhabitants	Expenditures per student in BGN			Change in percent		
	2003	2004	2005	2004–2003	2005–2004	2005–2003
Sofia	767	792	845	3.3	6.7	10.2
Over 100,000	647	703	792	8.7	12.6	22.4
50,000–100,000	710	777	862	9.4	11.0	21.5
30,000–50,000	722	823	889	14.0	8.0	23.2
10,000–30,000	749	871	956	16.3	9.8	27.6
5,000–10,000	778	944	1,027	21.3	8.8	32.0
Below 5,000	875	1,150	1,137	31.4	–1.1	29.9
Total	719	801	880	11.4	9.9	22.4

2. DEVELOPMENT, FORMS, AND FUNCTIONS OF MAYORALTIES

2.1 Historical Review¹

Daily community life creates common needs, goals, and actions. The political system aims at identifying those needs and arranging for their satisfaction. The goal of a contem-

porary state is to support the life of individuals through satisfaction of their common needs. Some of these needs are local in nature and directly related to historical, cultural, climatic, and other local factors. Their satisfaction involves the existence of local authorities, whose jurisdiction spreads over the boundaries of such territorially-established groups of people. The state delegates a part of its powers to those authorities and allows them independent actions within these powers. In this sense, one can talk about *local governments*. The self-governing institutions are territorially-limited, legal persons with powers to provide a range of public services and compulsory powers to collect incomes and make expenditures within the limits of their competence.

The state theory on self-governance defines the functions of a municipality as an expedient division of public action, and the municipality itself as a subordinated authority whose powers derive from the state authority. Nevertheless, as a union of neighbors, which performs tasks, ensued from common life, the municipality is older than the state.

The history of the self-governance in Bulgarian territory stems from the Slavs' lack of a unitary state. They lived in their own communities and discussed all common problems at community assemblies.

At that time, public organization was a federation of regions with preserved identity and autonomy. All villages paid taxes to the regional rulers and to the *jupans*. The villagers elected an elder (*stareishina*), a holder of the administrative, police, and judicial powers. The *jupa* was an intermediate self-governing association representing the autonomous public organization of the tribe. The common issues of both the village and the *jupa* were decided at assemblies. The administrative center of the *jupa* was the town fortress. The *jupan* was elected. Several *jupas* formed a region, governed by a prince. The *jupan* and the regional ruler had the power to impose taxes and natural duties. Each village or *jupa* bore joint responsibility for the crimes or the duties of its members.

When they settled in these lands, the Bulgars unified the separated regions and, at the same time, kept their autonomous self-governance. The relationship between the supreme power and the regions was expressed through the taxes that the regions were paying, and through their participation in the wars under the commandment of the supreme power.

The Byzantine yoke did not have a direct impact on Bulgarian self-governance. A structure called *pronia* appeared. *Pronias* were villages ceded to honored persons. The *proniari* were not an owner of the *pronia*; he only took use of it when executing his responsibilities. The *proniari* collected the taxes for himself and for the state. Later, the *pronia* were inherited.

These trends increased during the Second Bulgarian State. The *jupas* and the regions gradually disappeared and were supplanted by *pronias*. Only the villages preserved part of their self-governing powers. Free villages exercised their previous judicial, economic, and financial autonomous competent powers.

The *pronias* further developed under the Turkish yoke. The independence of the villages and the towns almost disappeared. In the second half of 19th century, Sultan Abdul Asis issued the law on *vilayets* (1867) and the law on the general administration of the *vilayets* (1871). According to their provisions, the municipality (a settlement with more than 50 houses) became the main administrative unit. Each municipality was managed by a council of elders—from four to twelve elected persons. The functions of the municipal council were: to support cleanliness and hygiene; to elect and appoint guards for agricultural lands and forests and the chief of the municipal police; to contribute to the development of agriculture and trade in the village; to decide on an equitable allocation of the tax burden to villages; to receive and properly use donations for the village; to take care of orphans and the property of deceased persons whose heirs were absent; to inform the authority about uncultivated lands; to monitor the administration of charitable institutions and village schools; to select workers for road duty; to fight crime and deliver perpetrators to the proper authority; to inform the authorities about misbehavior and abuses on behalf of the representative of the central government.

The second self-governing unit was the *kaaza*. The administrative council of the *kaaza* performed the following functions: control over the incomes and the expenditures of the *kaaza*, audit of the savings accounts, allocation of taxes among villages and quarters, preservation of public health, and maintenance of country roads. The larger *sandjik* and *vilayet* were the other administrative territorial units.

Immediately after the Russian-Turkish War, Russia started to build the state structure of the newly liberated territories. This task was assigned to the former mayor of Moscow, Prince Cherkaski. Originally, he maintained the Turkish administrative and territorial division—municipality, *nahia* (*okolia*, for at this level local government did not exist), *kaaza* (district), and others, except for the *vilayets*. Later, these administrative structures developed towards local self-government.

Article 3 of the Constitution of the thereafter liberated Bulgaria divided the territory into *okrazi* (provinces), *okolii* (districts), and municipalities. The municipalities won recognition as the main self-governing structures. Subsequently, the *okolia* only remained an administrative unit, while the municipalities and the *okrazi* became levels of local government. The adopted laws set two types of municipalities: town and rural. Research from the 1930s showed that the municipalities were too small to undertake the necessary economic and social functions and the services provided by them were quite ineffective. Two types of municipalities existed: *self-contained* (one settlement) and *composite* that included several settlements.

The *okrag* (province) was the second level of local government. Its council was elected by the citizens and were responsible for the cultural and economic development of the respective territory. In the middle of the 1940s, these structures were declared ineffective and were discontinued. The *oblasts* were established in their place, where institutions of the central government operated.

2.2 Current Status of the Submunicipal Democratic Model

2.2.1 Main Demographic Characteristics of the Mayoralties

The municipality is the main administrative and territorial unit of the local self-government. Bulgarian municipalities are relatively large. On average, a municipality has around 25,000 residents, 20 settlements, and 420 square kilometers of territory. This scale necessitates the establishment of internal, submunicipal territorial structures to contribute to the better provision of local services. The mayoralties are such structures. A mayoralty has a territory, boundaries, a title, and an administrative center. It comprises one or more settlements. In order to be established, a mayoralty should have a population of at least 250 residents.

Bulgaria counts 2,560 mayoralties, according to the most recent data from September 2007. The average number of the population in the mayoralties is 821 persons. Mayoralties can be established in settlements outside of the administrative center of the municipality. The population living in mayoralties numbers 2.1 million residents and represents 27.4 percent of the total population of the country. The differences by regions are presented in the table below.

Table 4.
Data on the Mayoralties²

EU regions	Number of		Population of	
	local governments	submunicipal governments	local governments	submunicipal governments
North-Central	41	363	1,129,729	360,045
North-East	49	575	1,264,101	399,409
North-West	32	218	484,623	167,853
South-Central	68	769	1,912,542	611,252
South-East	22	289	771,504	233,300
South-West	52	346	2,116,791	330,074
Total	264	2,560	7,679,290	2,101,933

The data show that the average number of mayoralties is 10 per municipality, 90 per district, and 426 in a EU planning region. The population living in mayoralties represents 27 percent of the total population of Bulgaria.

By the number of the population, the mayoralties in the country could be grouped as follows (see Table 5).

Table 5.
Groups of Mayoralties by Number of Residents (2006)

Demographic groups by population	Number of mayoralties	Share of mayoralties (%)	Population	Population share (%)
Over 5,000	2	0.1	13,200	0.6
4,000–4,999	17	0.7	74,891	3.6
3,000–3,999	32	1.3	110,074	5.2
2,000–2,999	120	4.7	288,315	13.7
1,000–1,999	482	18.8	662,542	31.5
500–999	833	32.5	592,387	28.2
250–499	874	34.1	323,817	15.4
Under 250	200	7.8	36,707	1.7
Total	2,560	100.0	2,101,933	100.0

The data show that only two mayoralties in the country have over 5,000 residents—the village Lozen, near Sofia, and the village Aydemir, in the Silistra District. If mayoralties with over 3,000 residents are regarded as “large” ones, then they represent just two percent of all mayoralties with 9.4 percent of the total population of mayoralties in the country. Mayoralties with population between 1,000 and 3,000 residents could be defined as “medium.” They represent 23.5 percent of all mayoralties and their population represents 45.2 percent of the population of all mayoralties. As seen from the data, the predominant mayoralties are “small”—with a population of under 1,000. Such mayoralties represent almost three quarters of all mayoralties; 45.3 percent of the population live there.

3. ASSESSMENT OF THE SUBMUNICIPAL DEMOCRACY MODEL

3.1 Political Representation

According the Law on the Administrative and Territorial Structure of the Republic of Bulgaria, the necessary conditions for the establishment of a mayoralty are as follows:

- A motivated request by at least 25 percent of the votes in the relevant settlements;
- Review of the request by the municipal council, and initiating a referendum among the population;

- The decision of the municipal council for the establishment of a mayoralty (in the case of a positive referendum);
- Judgment of the district governor for the legal compliance of the procedure;
- Promulgation in the *State Gazette*.

The mayors of the mayoralties (the municipal mayors as well), are elected directly by the population for a four-year term. The municipal council, on the other hand, is constituted on the basis of proportional votes (political parties' lists). The election rules for both the municipal and mayoralty mayors are the same, but in terms of political representation, the *kmetstvo* mayor is completely subordinated to the municipal one. The mayor represents the mayoralty to the population, public, political organizations, and to other mayoralties. The mayor of the mayoralty issues orders in performing his powers. The mayor of the municipality controls the legal compliance of the acts and actions of the mayors of mayoralties in performance of their powers. He has the right to cancel their orders.

Obviously, there are political disagreements between the two mayors. As a rule, they pertain to the way municipal resources are allocated. Formal means for dealing with these disagreements do not exist.

The mayoralty mayor has the right to make formal proposals before the municipal council only through the municipal mayor. As a general rule, the *kmetstvo* mayor is part of the budgeting process. Issues such as local investments, public transportation to the municipal center, and local social-welfare establishments are among the most frequently discussed topics.

The municipal council adopts rules for the organization and operation of the municipal council. These rules regulate the rights of the mayoralties' mayors referring to the possibility of making decisions for the development of the mayoralties.

Often mayoralties are deconcentrated units of the municipality. Though elected by the population, the mayors of the municipalities may only control the implementation of activities within their territory for which the municipality has made a decision. The good practices in that respect may be classified in two groups: involvement of the population in decision-making at the level of mayoralties, and participation of the mayoralties' mayors in making decisions by the municipality on issues related to the development of the mayoralty.

The mayor of the mayoralty annually reports to the citizens on his/her activities. There is a possibility that the mayoralty's general assembly elect the mayor's advisers proposed by the relevant mayor. These advisers have consultative functions and support the mayor in the performance of his/her duties. The mayoralty mayor may not submit proposals for the municipal council decision, if they are not first discussed by the board of mayor's advisers.

The mayoralty mayor participates in decision-making at the municipal level. There is a possibility for the mayoralties' mayors to submit proposals for decision at the municipal council directly, and not via the municipal mayor as intermediary. The mayors of mayoralties can participate in sessions of the statutory committees, and they are allowed to make inquiries. The session of mayoralties gives a secondary authorization on municipal credits and regulates their powers, including their relations with the municipal mayor and the council. There are regular meetings of the municipal mayor with mayors of the mayoralties. Representatives of the administration also attend these meetings, depending on the issues raised by the mayors.

3.2 Relationships between the Different Levels of Governance

The mayoralties, as structural units of the municipality, have intensive management relations with the municipality and the mayoralty's citizens. The relations with the municipality are in all *competencies* of the local governments. The municipal council defines the concrete powers of the mayoralty's mayor. The municipal council assigns its functions to the mayor of mayoralty, performs control on his/her activities, and has the power to cancel his/her initiatives. The broadest area of relations of the mayoralty with the municipality includes the planning, implementation, and reporting of the municipal *budget* in its section regarding the mayoralty. The mayor of mayoralty is responsible for the management of the municipal property assigned by the municipal council. He/she appoints and dismisses the officials and the secretary in the mayoralty.

It is an important matter whether one mayoralty is determined as a secondary authorizer of budget *credits* by a municipal council decision, or by an ordinance of the municipal mayor. In the first instance, the mayoralty is relatively independent in giving greater powers to the mayor and having its own budget. Otherwise, the mayoralties are typical deconcentrated units, without budget or powers to plan and manage activities and services. Each item of their expenditures is verified only after permission is given by the financial controller of the relevant municipal administration. Their powers are limited to making proposals, cooperating with activities performed by the municipality, and controlling the activities of the sub-contractors working on the mayoralty's territory under contracts concluded with the municipality.

Regardless of whether they are secondary authorizers of budget credits, the mayors of mayoralties have duties regarding the drafting and discussion of the municipal budget. The Municipal Budgets Act regulates that the "draft municipal budget is prepared also according to the proposals of the mayors of mayoralties...."

According to the Constitution of the Republic of Bulgaria (Articles 136 and 140), the municipality is a legal entity and is entitled to *property*, which it may use for the benefit of the local community. The acquisition, management, and arrangement of real

estate and movable property owned by the municipalities are settled by the Municipal Property Act. Several special laws, such as the Law on Forests, Law on Water, and the Law on the Ownership and Use of Agricultural Land, are also related to municipal property. The powers of the mayors of mayoralties in relation to the acquisition, management, and arrangement of municipal property are defined with an ordinance that is adopted by the municipal council.

There are municipalities where the municipal councils have granted to the mayors of mayoralties extended authority with respect to *service provision*. This practice, however, is typical of no more than 10 percent of the municipalities in Bulgaria.

What characterizes the relations between the local government and the *kmetstva* is the differing extent to which powers have been transferred in different municipalities. The *kmetstva* are administratively dependent on the municipal government. There are individual examples where they are given greater authority to make decisions, *appoint staff*, determine compensations, etc. With respect to financial decentralization, the practices also vary—ranging from cases where no information is given about available financial resources, to cases where they have separate budgets, property rights, and generate their own resources.

The level of political decentralization is characterized by weak citizen participation in decision-making. The main problems in the relations between the mayors and municipal councils and the mayors of *kmetstva* could be summarized as follows:

- Service delivery efficiency at municipal level versus *kmetstva's* interest for serving the constituents better;
- The mayoralties do not have powers to define the type and scope of the services they deliver;
- The mayoralties have very limited budget authorities, particularly with regards to the expenditure section;
- Most frequently, their budget is a separate portion of the municipal budget, and their expenditure authorities are very small;
- The mayoralties do not have any property of their own and cannot generate own revenue;
- Weak involvement of the local community in the decision-making process.

The mayors of mayoralties have a relationship with the *deconcentrated units* of the central government regarding the realization of their competencies, or competencies delegated by the municipal council, or the municipal mayor based on special laws. The most important of them are:

- Maintenance of civil registers and issuance of civil status acts—with the regional units of the Ministry of Regional Development and Public Works;

- Public order protection activities—with the Ministry of Interior;
- Improvement and restoration of the environment—with the Ministry of Environment and Water.

The mayors of mayoralties also have powers under other special laws: to perform some specific notary actions, some forestation activities, and supply of the population with wood for heating according to the Law on Forests.

In general, the mayoralties do not have a management or financial relationship with the service establishments. By performing their functions, the mayoralties contribute to the operation of these establishments on their territory. For example, the mayoralties are responsible for street cleaning, lighting, and maintenance; public order protection; etc. In certain mayoralties, however, the financial resources of the service establishments are part of the mayoralty's budget, and the mayor appoints the director of the relevant establishment. These are, for example, the kindergartens. It is a common practice the mayors of mayoralties to directly organize and finance the clubs of the pensioners and disabled people.

4. SERVICE PROVISION RESPONSIBILITIES

The services provided by the mayoralties can be divided into three groups:

Group One

The mayoralty delivers or intermediates the delivery of services, and executes activities on behalf and for the account of the municipality. These are services used by the local population which can be made solely by the municipality in its role as an independent and self-governing institution. In this case, the mayoralty, as a representative of the municipality, issues or intermediates the issuance of official documents, permits, licenses, and the like to its population.

Other activities performed by the mayoralty, as a representative of the municipality, cover: the arrangements for elections, the transfer of funds for the transportation of conscripted soldiers, the collection of local taxes and charges, as well as exercising onsite oversight (of construction, environment, roads). The goals are related to saving citizens' time and money. It is not necessary that they travel to the center of the municipality for the issuance of documents if this can be done through official channels. This also refers to the municipal officers. They do not need to travel to the villages where officers of the mayoralty can perform a certain activity.

Table 6 shows a list of *mandatory* activities, performed by the mayoralty on behalf and for the account of the municipality:

Table 6.
Mandatory Activities Performed by the Mayorality

1.	Administrative services, including collection of local taxes and charges
2.	Technical services
3.	Police, internal order, and security (regional inspector)
4.	State and municipal bodies and activities related to elections
5.	Management, control, and regulation of housing construction, and regional development
6.	Management, control, and regulation of activities related to transport and roads
7.	Management, control, and regulation of activities on environment protection
8.	Other defense activities (conscript soldiers)

In summary, three types of deconcentrated activities, assigned-by-law, are performed by the mayoralty: (i) activities assigned by the state to the municipality—elections, civil registration, conscript soldiers; (ii) issuance of official documents—birth certificates, death certificates, marriage certificates, heir certificates, permits, licenses, etc; (iii) control of construction, environment, and the like.

Group Two

The mayoralty arranges locally-delegated services for which the municipality is responsible, and for which their delivery is mandatory. The costs of these services are allocated to the mayoralties through an objective mechanism. Therefore, the municipality performs the activities related to the allocation of resources and control of performance. The mayoralties perform functions such as activities planning, operating planning and financing, while observing municipal guidelines as to the types of services, quality, access, and the like.

Table 7 shows the services that *may be delegated* by the municipality to the mayoralty.

Table 7.
Services Delegated to the Mayoralty

1.	Other healthcare activities (de-lousing and prophylaxis)
2.	Water supply and sewage, maintenance of fountains and other natural water sources
3.	Other activities on residential construction and territorial development
4.	Cleaning, garbage collection, village waste, etc.
5.	Other activities on community improvements and environmental protection
6.	Physical education and sports
7.	Ceremonial houses and halls
8.	Offices and activities on maintenance, repairs, and road construction

Group Three

The consumers of specific local services live within the mayoralty and, depending upon the local populations' wishes, these services may or may not be delivered. The effects are related to the opportunity of local residents to make a decision, which is more appropriate to their needs, and to the release of the municipal administration from the responsibility of planning, financing, and managing activities that could be executed at a lower level. The final, official decision, including the budgetary one, is taken by the municipal council. If the *kmetstvo* has its own budget, then, as a rule, the council approves the budget allocation proposed by the *kmetstvo* mayor.

Box 1.

Razgrad Municipality

General meetings of the village are organized with representatives of the municipality and in the presence of the village mayor for the regular discussions of the budget and other significant issues. At these meetings, the local population states its position and makes proposals. For example, in 2006, the municipality assumed a debt of BGN five million for street-repair of the whole municipality; the distribution of funds by the village was approved at a meeting of the municipal council, but the village meetings determined exactly which streets were to be subject to repair work.

The managers of establishments that provide local services are assigned by the mayors of mayoralties. The types of local services are presented in the table below:

Table 8.

Types of Local Services Assigned by Mayors

1. Half-day and seasonal kindergartens
2. Social Assistance Directorate, soup kitchens, and other social services
3. Clubs for pensioners and disabled
4. Lighting
5. Baths and laundries
6. Landscaping
7. Orchestras and ensembles
8. Museums and galleries of local character
9. Other cultural activities
10. Municipal markets

The *remaining services*, such as homes for children deprived of parental care, centers for social rehabilitation of disabled people, centers for drug-addicted individuals, etc., used by the mayoralty's population, are provided by service establishments. They are not administratively, methodically, or financially subordinated to mayoralties. However, the discussions regarding their localization, and the access of the local population to them, are a question of local policies. Presently, this is subject to the relationship between the municipality and the service establishments. The services delivered by these establishments are mass ones, i.e., they cover all mayoralties, the funds for them are allocated to establishments at the municipality level, and part of them should satisfy criteria formulated by the state.

5. SERVICE MANAGEMENT AND FINANCING MODELS

The Local Self-government and Local Administration Act (LSLDA) treats the mayoralty as a deconcentrated structure of the municipality. The municipal council determines the specific powers of the mayoralty's mayor. The mayor of the municipality assigns some of his/her functions to the mayoralty's mayor, exercises control over the activities of the latter, and has the right to cancel his/her regulations.

Within the boundaries of the deconcentrated structure, there are also minimal statutory powers of the mayoralty's mayor. The mayor assigns and dismisses officers and the secretary of the mayoralty. The mayor is responsible for the managing of the municipal property determined by the municipal council. He/she executes the budget of the municipality in the portion concerning the mayoralty.

The services provided by the mayoralty are reduced to the following:

- administrative services, performed directly by the administration—keeping the inhabitants' registers and the delivery of administrative services;
- public safety—mayors execute certain police functions; they organize protection in the case of calamities, failures, and the safeguarding of filed property;
- public works, environmental improvement, and protection.

The mayoralties' mayors also have powers under special laws—to perform certain notary actions, forestation, and supplying the inhabitants with firewood under the Forests Act.

Different laws give the municipalities' mayors the power to assign other functions to the *kmetstvas*' mayors. For example, these can be powers transferred from the mayor of the municipality regarding conscript soldiers, the issuance of documents for ownership of animals, the organization and control of environmental protection, etc.

Basically, the scope of services provided at the *kmetsvo* level depends on a municipality's political will. There are two models of relationships driving the *kmetsvo's* service delivery responsibilities.

5.1 Typical/Centralized Model

The mayoralties do not have their own budgets, even analytical ones. They do not provide administrative or technical services. The services that are delivered by the *kmetsva* are financed from the municipal budget. The municipality finances the salaries of the mayor and of the secretary who assists on behalf of the municipality in the organization of election, and exercises control over construction works. In the field of environment protection, the mayoralty exercises control and proposes penalties for violations such as: illegal dumping, collection and transportation of household and construction waste, etc.

The mayoralty's mayors do not participate in setting the location of service establishments. Mayoralties do not have property and do not gain their own revenue. They may not outsource activities or organize tenders. The municipality directly funds all local activities and the budget of the mayoralty is from the result of the expenses incurred on the respective territory.

The participation of the inhabitants of the mayoralties is direct—through written proposals, questionnaires, discussions at general meetings, and meetings with the management of the municipality and the municipal councilors. Usually, these refer to repairs and construction projects in the field of community improvements: streets, water supply, sewage and the like. There are no formal civil organizations.

5.2 Advanced Model

The municipal council grants powers to the mayoralty's mayor to determine the level of fiscal and service delivery autonomy at *kmetsva* level. Typically, the following activities are executed and services are delivered by the mayoralties:

1. Administration;
2. Full-day kindergartens;
3. Clubs of pensioners, disabled people, etc.;
4. Water supply and sewage;
5. Lighting of streets and squares;
6. Cleaning;

7. Services and activities for the maintenance, repair, and construction of roads;
8. Other economic activities;
9. Temporary employment programs;
10. Other healthcare activities (healthcare services provided);
11. Ceremony venues and halls.

The mayoralties' administration provides almost all administrative services and a limited number of technical services. It assists in the organization of elections and exercises control over construction works, environmental protection, roads, and other areas.

In the municipalities, applying the advanced model, the mayoralties perform approximately seven percent of all services delivered by the whole municipal administration. Their share is prevailing in the organization of clubs for pensioners and disabled people—69 percent, and the temporary employment programs—76 percent, as well as the lighting of streets and squares—69 percent. The mayoralties manage about 20 percent of the municipal activities on public cleaning and perform 15 percent of the activities on maintenance, repairs, and construction of roads. They manage 26 percent of the full-day kindergartens and united establishments on the territory of the municipality.

The municipal council is entitled to open and close activities or services and decide on where and what establishments can function. The mayoralty's mayor participates in the meetings of the municipal council and expresses the position of the local community.

Box 2.

Troyan Municipality

On an annual basis, the general meetings of the inhabitants of the respective mayoralty assess the executed activities, and give their proposals on the type and number of services to be included in the next year's budget. Representatives of the territorial principle are elected at these meetings to form the mayor's council. The number of members of the mayor's council are subject to vote. The elected mayor's councils in the mayoralties and the substitutes in the Troyan municipality are from five to 11 members. All requests of the mayoralty's mayor to the municipality council should be supported by the mayor's council. This council provides support to the mayor in planning, organizing, and management of activities subject to its competences.

The mayoralties do not have their own property, though they manage certain municipal property, as assigned by the municipal council. In the case of efficiency gains, the mayoralties receive part of the additional income.

Mayoralties may not procure, but as a rule they may take part in the commission established at the municipal level. The mayoralty's mayors may not outsource activities.

The municipal council is authorized to do this. They plan, organize, and manage the respective activities, and pay directly to the assignees.

Usually, these mayoralties have separate bank accounts and budgets adopted by the municipal council. The mayoralty has the power to allocate the costs planned and approved by the municipal council by items and/or activities within each function.

The planned activities are financed through a municipal subsidy, which is transferred on a monthly basis to the mayoralty. The mayoralty does not have its own income except for the assets from efficiency gains.

Aside from current expenses on costs and salaries, the mayoralty's budget also includes a small amount for investment. This is usually intended for repairs of streets and roads, water supply, sewage, and other small repairs. The mayoralty's budget also includes expenses for establishments that provide local services (kindergartens, clubs of pensioners, etc.).

In the course of the financial year, the mayor has the right to re-distribute the funds in the respective budget only from maintenance costs to investments and vice-versa. The amount determined for employment costs cannot be changed. In the case of a savings from one activity of the mayoralty, the funds can be transferred to another activity, but only within the same function. The annual savings (transitional balance) are centralized.

On an annual basis, the general meetings of the inhabitants of the respective mayoralty assess the executed activities, and give their proposals on the type and number of services to be included in the next year's budget. Representatives of the territorial principle are elected at these meetings to form the mayor's council. This council advises the mayor in planning, organizing, and management of activities subject to its competences.

6. CAPACITY AND PERFORMANCE

The mayor of mayoralty is employer to the officials in the mayoralty administration. In this sense, he/she appoints and dismisses them. The most important position is that of the secretary of the mayoralty, who is a civil servant, according to the Civil Servant Act. The other servants are employed based on the regulations of the Labor Code. Their number depends on the size of the mayoralty. Usually, one accountant/financial expert and several technical experts work in each of the mayoralties. In this respect, the human resource capacity of the mayoralties may be considered limited.

This is similar to the situation of the disposable financial resources. As mentioned above: if the mayoralty is determined as a secondary authorizer of budget credits by the municipal council, then it does not have its own budget, and all expenditures are performed directly through the municipal budget. In this case, the mayoralty's budget

may be seen only as reported municipal expenditures on the mayoralty's territory. In the second case, if the mayoralty has its own budget, it then covers the assigned powers for the provision of local services. These are small amounts going mainly for wages. The fact that the mayoralties cannot save funds indicates that insufficient funds are provided, and in the case of a deficit, additional funds are given. The lack of financial capacity also results from the inability of the mayoralties to raise own revenues.

In summary: the available capacity of the mayoralties corresponds to their limited service provision powers. The decentralization of a part of the municipal powers and their assignment to the mayoralties should also be accompanied by an adequate transfer of powers and resources.

7. MAIN ISSUES AND PROPOSALS FOR POLICY CHANGES

The political discussion about the second level of subnational governance are arising due to two factors: (i) EU recommendations which are not binding and (ii) decentralization programs including measures which are aimed at exploring the opportunities for the second level of subnational governance up to 2009.

Most politicians see the second level above the current municipal one, at the existing district level. They argue that this would increase the capacity for the use of EU funds and also allow them to compete with local European governments. They quote examples of various small and weak local governments.

The author of this paper shares the view that a second level of self-governance is unnecessary. It would be a costly and inefficient solution. The higher level of self-governance would absorb most of the current municipal service responsibilities and very few of the territorial deconcentrated functions of the state. The author does not ignore the fact that some small and weak local governments should be merged into neighboring local governments.

Bulgarian municipalities are large enough (populations of around 30,000), according to the EU average, to comply with the economy of scale principle. But Bulgaria missed the opportunity to build more responsive and accountable communities. The size-related accountability issue can be resolved if the government gets closer to the constituents in two ways:

- (i) The existing small and low capacity local governments should be *amalgamated* and some additional regional service responsibilities, currently performed by the state, could be handed over to them.
- (ii) *Decentralizing* typical local functions from municipal to *kmetstvo* level in a way that strengthens the link between the local authority and the citizens.

This approach will resolve the two main issues in a cost-efficient manner: stronger and competitive local governments, and accountable and responsive *kmetstva*. The starting point of change is based on the present state of the interactions between the municipality and the mayoralties, as summarized in the main conclusions from the analysis and assessment of the status.

The changes are aimed at the desired parameters for allocation of services, powers, and resources between the municipality and the mayoralties, as stated in the described model. The proposals are intended to move the system from the starting (present) to the final (model) point. These two points are presented in the table below.

Table 9.
Current Status Versus Proposed Model

	Current status			Proposed model		
	State	Municipality	Mayoralty	State	Municipality	Mayoralty
<i>Administrative decentralization</i>						
Policy formation	X	X		X	X	X
Operating management	X	X	X		X	X
<i>Fiscal decentralization</i>						
Setting the resources	X	X		X	X	X
Funds allocation	X	X		X	X	X
Revenue-related powers	X	X		X	X	X
Expenses-related powers	X	X		X	X	X
<i>Political decentralization</i>						
Civil participation		X			X	X
Civil control		X			X	X

The current status is characterized by a strong centralization of management and financial powers in the central authorities. As a result of fiscal decentralization reform (2003–2005), the municipalities succeeded in obtaining certain powers throughout the entire range of changes. However, it seems that the reform has ceased at this point. Mayoralties in general have very limited powers in the area of operating management, mostly through their control functions on activities that have been organized, managed, and financed by the municipality.

The second part of the table shows the intended characteristics of allocation of powers between the bodies of various territorial levels of management. Matching them with the present state powers shows the main directions of change, which include:

- transfer of national state operating management powers of activities and services delivered by municipalities;

- decrease the powers of the state to determine the allocation rules of municipal appropriations;
- increase the management and financial powers of municipalities;
- a transfer of management and financial powers from the municipality to mayoralties, and strengthening the political forms of decentralization by increasing participation of institutions and citizens in local decision-making, and control over the activities of mayoralty.

Within this context, the focus of public sector reforms within the municipalities described here will be limited to the last of the above-stated directions.

In the short-term perspective (2007–2009), the objective is to disseminate the existing good practices in the interaction between municipality and mayoralties. *In the medium-term perspective* (2010–2013), it is realistic that the municipality may transfer to the mayoralty the services, powers, and resources stated in the model. These activities should be within the framework of the present regulatory powers of local authorities or should require certain changes in the national legislation.

The model of allocation of services, resources, and powers between municipality and mayoralties refers to the period of implementation of short- and medium-term measures. The further progress of these interactions is marked in the *long-term measures*. Their implementation is proposed to begin from 2014. The main objective of the measures in the long term is to raise the status of the mayoralty to a basic self-governing community. This requires materials changes in the laws regulating the administrative, territorial structure, and the functioning of local self-government in the country.

7.1 Proposed Measures

All measures here envisage the reallocation of services, resources, and powers by the municipality to the mayoralties, as well as an increase in local participation in decision-making.

7.1.1 Short Term

The primary objective is the dissemination of the existing good practices in the interaction between the municipality and mayoralties. A reallocation of services would focus on intermediary services (administrative and some technical services, like the issuance of permits, licenses, and other documents); meal delivery to socially vulnerable people; social assistance; public order protection (police, safeguarding of agricultural and forest

property); kindergartens and pensioner clubs; ceremony houses and halls; cleaning; lighting, park maintenance; orchestras and museums.

It would require a reallocation of resources by an increasing of the number of mayoralties with analytical budgets and of those secondary authorizers with relatively separate budgets within the municipal budget. This would mean leaving rentals and other forms of management of municipal property in the budget of the mayoralties, as well as part of sales revenue.

A reallocation of administrative powers would assign more powers to the mayoralty's mayor regarding personnel size and salary amounts. Financial powers would encompass planning the mayoralty's budget, distribution of expenses by item and activity; the transfer of savings from one activity/item to another one within the framework of the budget year; year-end balances could be transferred to the next year; using municipal subsidies for compensating expenses on intermediary services (administrative, technical, permits, licenses, conscripts transportation costs, and election costs); development of standard costs for local activities.

Local decision-making should be made more inclusive. The mayoralty's budget and other strategic decisions have to be discussed with the citizens. There should be a dissemination of the good practice of the mayor's council, which is elected on a territorial principle. The mayoralty's mayor is allowed to submit proposals to the municipal council only if they have been discussed locally and if they are supported by the local population. The mayoralty's mayor should participate in the decision-making at municipal level on the localization of the activities of service enterprises; on setting investment projects; on the establishment of a transport scheme.

By transferring services, resources, and powers, the municipality introduces a system of accountability and control in the activity of the mayoralties. A similar system for monitoring and performance assessment of the mayoralties' activities is used also by civil organizations.

7.1.2 Medium Term

The objective is to transfer municipal services, powers, and resources to mayoralties. It would mean a reallocation of intermediary services (technical, permit issuance, licenses, and other documents); protection of public order (fire brigade, emergencies) and municipal markets. It would include a reallocation of resources to mayoralties, with relatively separate budgets within the municipal budget, as well as assigning fees and charges, e.g., on a meal delivery service to socially vulnerable people, cleaning, kindergartens and nurseries, markets, and graveyards to the budget of the mayoralty.

The reallocation of administrative powers means that the mayoralty would become a legal entity, similar to its schools and community centers. They could then outsource

services (e.g., social assistance) and would have the authority to open and to close local activities, and to appoint their managers.

Financial powers would mean to determine the total amount of all the mayoralties' revenue from delegated activities; the allocation of municipal subsidy to mayoralties on the basis of standard costs of local services; and using municipal subsidies for local activities. They should have the power to propose the amount of local fees, charges, and rents.

The scope of participation in local decision-making could be increased, allowing mayoralty's mayors participation in the municipal council. Establishing a municipal committee, jointly with the representatives of the mayoralty's mayors and the municipal administration, to determine the activities delegated to the mayoralties and the standard costs, while their funding is approved by the municipal council. A mayor's council should be established in all mayoralties.

7.1.3 Long Term

The long-term objective is to raise the mayoralty's status to that of the basic self-government community. This would mean the reallocation of services, resources, and powers between municipalities and mayoralties (creating of mayoralty property), and an election for the mayor's council on territorial principle.

The reallocation of services would target water supply and sewage; physical culture and sports; sports and tourism facilities; and recreation and social activities. A re-assignment of resources should allow all mayoralties to have their own budgets, as well as rents allocated to the mayoralty's budget, and a separation of mayoralty's property. The author recommends a reallocation of administrative powers by establishing a mayoralty in the municipal center, thus authorizing mayoralty to become basic-level, local self-government, and the introduction of an obligatory election of the mayor's council on the territorial principle. Financial empowerment means the determination of the rate of local fees, charges, rate of property tax, and revenues from management of mayoralty property and sales.

Participation in local decision-making should be exercised through referendums on issues of crucial importance to local development and civil control over the activities of the mayoralties.

APPENDIX

Table A1.
Number and Size of Local Governments and Subnational Governments
by Districts (2006)

EU Region	District	Number of		Population of	
		local governments	submunicipal governments	local governments	submunicipal governments
North-Central	Veliko Tynovo	10	101	280,883	98,230
	Gabrovo	4	31	134,490	21,208
	Lovech	8	64	157,407	53,203
	Pleven	11	103	301,634	118,515
	Ruse	8	64	255,315	68,889
North-East	Varna	12	92	456,915	76,507
	Dobrich	8	100	204,738	55,012
	Razgrad	7	87	137,853	71,041
	Silistra	7	76	132,699	68,156
	Tyrgovishte	5	107	134,264	59,145
	Shumen	10	113	197,632	69,548
North-West	Vidin	11	52	114,769	35,241
	Vratza	10	92	205,797	80,933
	Montana	11	74	164,057	51,679
South-Central	Kyrdjali	7	215	157,463	87,556
	Pazardjik	11	87	296,281	121,802
	Plovdiv	18	146	706,413	184,995
	Smolyan	10	78	129,731	47,782
	Stara Zagora	11	110	358,342	100,917
	Haskovo	11	133	264,312	68,200
South-East	Bourgas	13	144	417,810	117,564
	Sliven	4	81	209,169	73,897
	Yambol	5	64	144,525	41,839

EU Region	District	Number of		Population of	
		local governments	submunicipal governments	local governments	submunicipal governments
South-West	Blagoevgrad	14	135	330,034	125,857
	Kustendil	9	48	150,792	38,162
	Pernik	6	31	139,677	24,594
	Sofia city	1	33	1,237,891	57,913
	Sofia region	22	99	258,397	83,548
Country total		264	2,560	7,679,290	2,101,933
Maximum/largest		—	—	1,237,891	184,995
Minimum/smallest		—	—	114,769	21,208

NOTES

¹ Based on Stancho Cholakov's *Science of Local Governance*, 1936.

² More detailed information about the size and population of mayoralities by districts is available in the Appendix.

Polish *Solectwo*—A Latent Field for Rural Governance

Marta Derek¹ and Adam Mielczarek²

Table of Contents

1. Traditional Role of Submunicipal Governments in Poland	83
2. General Legislation Concerning Submunicipal Local Governments	87
2.1 Legal Status of Submunicipal Local Government	90
2.2 Government and Elections.....	92
2.3 Statute	93
3. Tasks, Duties, and Laws of Submunicipal Local Governments in Selected Local Governments	95
4. Financing Submunicipal Local Governments and How it Works in Practice	100
4.1 Money and Revenue Flows Put at the Disposal of the Submunicipal Local Government	100
4.2 Income from the Customary Property of the Submunicipal Local Governments.....	102
4.3 Other Sources of Income	103
4.4 Financial Management by the Municipality	104
4.5 Remuneration of the Village Head.....	105
5. Village Heads, Representatives, and Village Meetings.....	107
5.1 A Representative of the Municipality in the Submunicipal Local Government	108
5.2 Village Representative	109
5.3 A Host and a Local Leader.....	110
5.4 Actors in Local Politics.....	112
5.5 Village Meeting as a Form of Direct Democracy	113
5.6 Activities of Village Heads and Submunicipal Local Governments: Findings from Empirical Research	115
5.7 National Association of Village Heads.....	118
6. Critical Assessment of the Polish Model: Accountability and Public Service Efficiency.....	119
7. Policy Advice.....	122
Appendix: Research on Submunicipal Governments.....	125
Sources Cited	126
Documents	128
Notes	129

Executive Summary

Submunicipal local governments are the topic of this chapter on Poland that illuminates some of the opportunities for further strengthening democratic institutions at local level. *Solectwo* or submunicipal local governments are a traditional institution dating to the Middle Ages when village heads were representatives of feudal rulers and had responsibilities for the well being, law, and order of their communities. This institution has both increased and decreased in influence over time and enjoyed its strongest role during the Second Republic of Poland. During communism, this institution was replaced with municipal national councils, fully in control of the centralized state.

The *solectwo* that are the focus of this chapter are typical of rural areas as well as being present in some urban areas, where districts and boroughs are the norm. Of the 53,000 villages and towns in rural areas in Poland, a little more than three-quarters have the status of *solectwo*. They vary in size, composition, and concentration with the population density of the area concerned. Importantly, the *solectwo* are auxiliary units of local government (*gmina*), as determined by the Act on Municipal Government of March 8, 1990, and their status is determined by the decision of the said *gmina*, that in effect may decentralize itself as local conditions may or may not require, i.e., it is not compulsory. *Gmina* also have the power to define or limit the *solectwo*'s activities and tasks, ranging from participation in the local council to property ownership.

To recap, though formally invested with local government power and elected by the village, the *solectwo* and village head may not actually have much power at all other than that of a facilitator for local projects and adviser to the local council. What competences it does have is determined in a municipal statute and there is no guarantee that its voice will be heard. Often, the statutes that spell out these competences are merely templates without any terms specific to the local environment, while the financing of *solectwo* activities remains with municipal council budgets, exacerbating the *solectwo*'s weak and arbitrary position. Some *solectwo* have skirted these barriers by organizing local activities that generate own revenues for which to fund local projects (in addition to earmarked grants from the local council for this purpose) as well as remunerate the village head, usually an unpaid position.

A village head has a mixture of roles: a village head may be a representative of the municipality in the village; a village head may act as a representative of the village in contacts with external institutions, especially the local government; and a village head may also be a local leader among his or her own community. A village meeting where such a village head is elected is a democratic, legislative body, acting in the form of direct democracy.

The current Polish model has both advantages and disadvantages, of which their omnipresence is the main trait: out of 2,171 rural and mixed rural-urban municipalities, only 10 have no submunicipal local government. Legislation is vague about the potential of this institution and how it is used. It is at the discretion of local governments to use *sołectwo* as a form of internal decentralization to tailor local tasks to individual needs (only a few do) and in general it is a weak institution with low autonomy. Indeed, much of their work seems purely like volunteerism, even if they may act in some capacity as a democratic check on the authorities and even may be a good tool to activate village communities as fully bottom-up institutions. At the same time, they suffer from poor skills and a lack of public participation even if they may organize common public works in their villages or manage grants to accomplish this. However, the vague legal environment and few funds for their operation are not necessarily negative, although this chapter does recommend more autonomy for these traditional submunicipal units. Grants are an important way to activate them and harness their self-organizing power. This form of local governance is an indigenous solution, not a western model, that can work further to include communities in the context of new democratic institutions in Poland.

1. THE TRADITIONAL ROLE OF SUBMUNICIPAL GOVERNMENTS IN POLAND

Polish municipalities, being relatively large, provide ample opportunity for decentralization within local government (Swianiewicz 2001). The Act on Municipal Governments, constituted in 1990, gives such a possibility to local governments. Furthermore, the existence of a “village head” (*sołtys*) is an old tradition in Poland. While today it does not have a strong institutionalized position, it is still important and respected.

The practice of a village head and a submunicipal local government date back to the Middle Ages. Initially, they appeared in documents concerning settlements based on the so-called “German Town Law.” This law regulated the principles of establishing and administering new villages that settled in previously uninhabited areas. A village head was a person who organized and led the new group of settlers when locating to a new area. The village head was a representative of the feudal lord and ruled over the inhabitants of his village. He had a farm bigger than the rest of the villagers, and he collected taxes and tenancy from the inhabitants. He also collected shares from them, and often had the privilege of running an inn or a mill. He also participated in the system of justice concerning smaller offences committed by the villagers. The post of the village head was hereditary (*Sołectwo i sołtys w historii* 2001).

From the 15th century onwards, the rights of the village heads started to diminish. Village heads were, to a larger and larger extent, supervisors of serfdom labor and helpers of the village owners. It was different under each subsequent partition of Poland. Apparently, the greatest autonomy and the widest legal leverage were enjoyed by local governments under the Austro-Hungarian Empire. Among others, the Austro-Hungarian Municipality Act of 1866 mentioned goods belonging to villages and the principles of their use. These records are reflected in Polish legislation from 1933, concerning local government. This act, pointing to the municipal property in regions under former Prussian and Russian partition, applies only to common law, and as far as the Austrian partition is concerned, to common law and legislation made on the basis of the above mentioned act (Podwiński and Typiak 1936).

In the Second Republic of Poland, the submunicipal local governments (*gromadas* in the old terminology) and the village heads were a crucial element in the administrative organization of the country. The *gromada* was brought into being by an act of March 23, 1933 on the partial change of territorial local government (*Official Journal* No. 35, 294). Its functioning was regulated by a number of decrees issued by the Ministry of Internal Affairs. The institution of the village head, however, was referred to even earlier by a number of acts, most often indicating the subjects responsible to lead various controls and records on the village level (e.g., alerts on epidemiological dangers, registering inhabitants, collecting taxes, etc.).

The rights and obligations of the *gromada* and the village head substantially expanded to the rights and obligations they enjoy today. The number of regulations and the fact that they were formed on the state level and not delegated to lower levels of local government show what a high importance the Second Republic of Poland ascribed to these institutions.

According to the *Almanac for Village Heads and Gromada Councillors for 1936*—prepared by the employees of the then Ministry of Internal Affairs, the Department Head and the Regional Inspector of the Local Government Association, Stanisław Podwiński and Piotr Typiak, respectively—the *gromada* before the Second World War was defined as an auxiliary unit of the community, while at the same time, “a basic unit of the public life of the state.” Unlike today, its rights and obligations were determined in an act of law (at present its determination is delegated to the community). The *gromada* also had its own property and income and could decide on their use alone. It also had a *gromada* council that—in contrast to the village councils existing today—was not an advisory body but a legislative one, entitled to make binding decisions in the name of the *gromada* (except for *gromadas* having less than 200 inhabitants, where no councils were created and decisions were still made by village meetings alone). It was a body of intermediate democracy replacing the direct, contemporary form of village meetings.

The Almanac speaks of the cooperation with the local government in carrying out its tasks, as well as to the administration and usage of *gromada* property as its most important objective. The authors also enumerate many particular tasks concerning the village infrastructure and the well-being of its inhabitants, in particular:

- a) Establishing and maintaining roads, streets, pavement, and wayside trees;
- b) Establishing and maintaining common rooms and libraries;
- c) Taking care of the sanitary condition of the housing estates and their inhabitants;
- d) Taking care of the poor, orphans, etc.;
- e) Taking care of agricultural development;
- f) Organizing and supporting local fire units.

They also attributed them various tasks that might be described as general attempts at village modernization and organization. These attempts included encouraging people to form cooperatives, village housewives’ circles, etc., depositing money in savings accounts, using modern solutions in agriculture, educating themselves, getting books and magazines to the village, or establishing welfare institutions for the poor. The *gromada* was supposed to fulfill its tasks using its own property and income.

The village head united two separate functions. He was both an executive organ of the *gromada* as well as an auxiliary organ of the board of the *gmina*. He was elected

by the *gromada* council, in indirect elections.³ At the same time, he was subordinate to the mayor and he fulfilled his duties concerned with public administration under the mayor's supervision. As an auxiliary organ of municipal management, the village head was the lowest executive organ of public administration. As such, he carried out the orders of the mayor, but also helped other state and regional officials. His most frequent obligations included announcing the authorities' decrees, delivering summons and official documents to the inhabitants of the *gromada*, and helping the inhabitants with information and advice on all matters concerning public administration.

The act delineated many specific tasks attributed to the village head. They included functions that mainly concerned public safety and order, such as helping the state police, preserving peace and order in the *gromada*, taking care of the safety and the property of inhabitants, receiving reports, informing the municipal authorities on various offences, and so on. According to the act, the village head also executed various functions concerned with population records, road supervision, social welfare, collecting land taxes, road charges, municipal compensatory taxes and other taxes imposed by the municipality, organizing means of transport (paid then by the persons using it) for the representatives of the authorities and military, and a few others.

The village head received remuneration from the *gromada* treasury in the amount determined by the *gromada* council. He had a status of a public official, which involved criminal responsibility for possible malpractice or corruption.

The submunicipal local government (*gromada*) was practically the lowest local government level during the Second Republic of Poland. The village head had the role of an auxiliary organ to the municipality, due to his responsibility for various auxiliary tasks in relation to the administration—both municipal and of higher levels. This role was fulfilled—it should be added—parallel to the executive role of the *gromada*. The institution of the mayor, who united the function of the local government head and the role of the executor of orders from higher levels of the state and the local government institutions, was similarly constructed. It is difficult to overlook the many functions related to watching over public order and observance of law in the area of the submunicipal local government. The village head was, to some extent, a state representative in the village and, therefore, had the status of a public official.

We do not have satisfactory sources of information on the status of the submunicipal local government in Poland after 1945. In the first years after the Second World War, prewar regulations were used in the case of the submunicipal local government, which can be found in the Act on the Field Organs of the Uniform State Power of March 20, 1950. The new political system for the local authorities was introduced by the Act of National Councils of January 25, 1958, which introduced the so-called *municipal national councils* in place of municipal local government. Formally, they were local government institutions though, in practice, they were fully controlled by the state.

The local governmental character was also theoretically preserved by submunicipal local governments institutions. The act preserved the institution of the village meeting and gave it the right to elect the village head (Article 83). It also determined the range of topics that could be discussed during the village meeting (Article 89, point 4). In particular, they were topics connected with “fulfilling the obligations in relation to the state,” but also topics concerning the current problems of the village, similar to those determined by the act of 1933. The act, however, did not provide for the existence of a submunicipal council and did not pinpoint a subject as an executive organ for resolution of the village meeting. The act pinpointed the management of the municipal national council as the subject supervising its execution (Article 89, point 5).

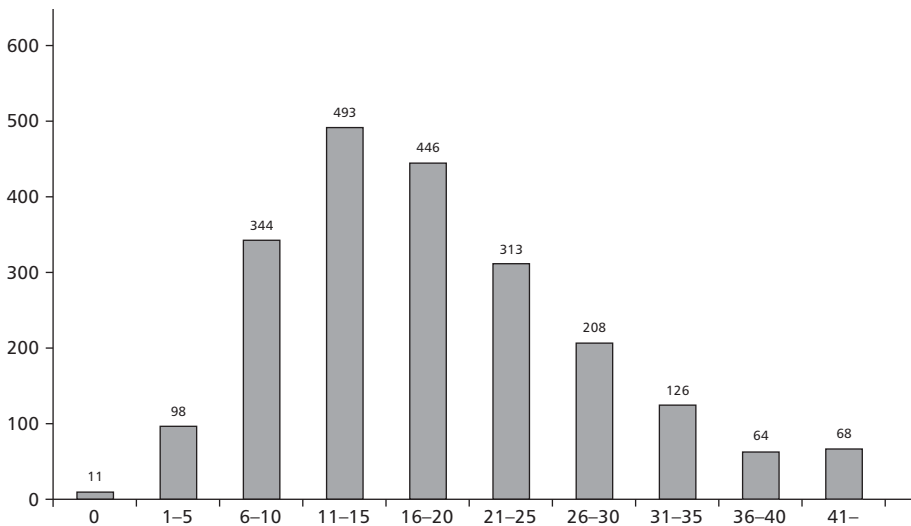
The submunicipal unit thus lost the status of the lowest level of local government or local power, and became a part of the centralized political and administrative system. But the institution itself did not cease to exist. It just did not have any systematic function attributed to it by the prewar act. It can be assumed, however, that the submunicipal local government remained the center of self-organization of the village community and the village head. The act did not limit the possibility of such a self-organization: on the contrary, it expected that the village local government would work towards a better economic and social situation in the village, maintain the infrastructure, support education, and explain “the policy of the state” to the village inhabitants. The act also stated that the municipal national council could delegate some decisions to the village meetings, unless they concerned decisions reserved for the municipal national council. It also authorized the national council to allow the village meetings financial resources (from fees) to realize its resolutions and pinpointed the village head as the person supervising the resources (Article 89, point 7).

Thus, the tradition of the submunicipal local government did not cease to exist during the People’s Republic of Poland, though it certainly was less embedded in law than in the prewar period. The village head, however, had some tools at his disposal to serve his community. Winning particular goods for the local community was one of them: for instance, socially useful investments or materials to be used in community service by the inhabitants themselves. It has to be noted, however, that this role had to be reduced during the period of economic crisis that prevailed in Poland from the mid-1970s until the fall of communism. But as far as the functioning of the submunicipal local governments is concerned, 1990, when the act restoring local government institutions was passed, was not a groundbreaking year from the point of view of the submunicipal local governments: in as far as new possibilities that opened before the village heads are concerned or regarding the useful tools that were taken from them.

2. GENERAL LEGISLATION CONCERNING SUBMUNICIPAL LOCAL GOVERNMENTS

The submunicipal local governments (*solectwa*) focused on in this chapter are typical in rural areas. There are only 13 urban local governments where these entities (*solectwa*) can be found (Table 1); however, in these areas, there are boroughs (*dzielnica*) and districts (*osiedle*), which play the role of submunicipal local government. There are 40,348 submunicipal local governments in Poland (as of 2006), which means 16 per local government (*gmina*) on average. Almost half (43 percent) of all rural and mixed rural/urban local governments have created between 11 and 20 submunicipal local governments each (Figure 1). In only 11 local governments are there no auxiliary units, and there is but one with 71 entities. As there are more than 53,000 villages and towns (*miejscowosci*) in rural areas in Poland, it follows that 76 percent of rural villages have the status of a submunicipal local government.

Figure 1.
Average Number of Submunicipal Local Governments in Rural and Mixed Rural-Urban Local Governments in Poland (2006)



Source: Author's own research based on the data of the Central Statistical Office (GUS).

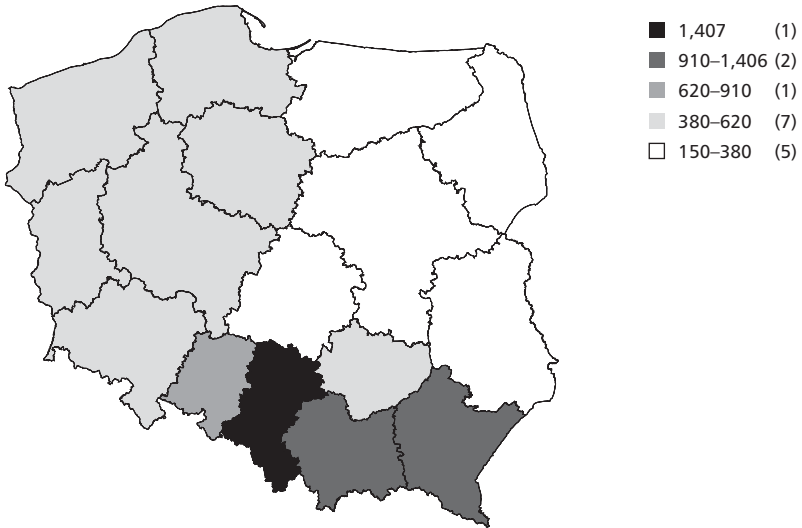
Table 1.
Average Number of Submunicipal Local Governments (*solectwo*)
in Different Types of Local Governments in Poland (2006)

Number of submunicipal local government (<i>solectwo</i>)*	Type of municipality (<i>gmina</i>)		
	Urban	Rural	Mixed urban/rural
0	294	11	0
1–5	10	75	23
6–10	3	259	85
11–15	0	374	119
16–20	0	329	117
21–25	0	225	88
26–30	0	140	68
31–35	0	87	39
36–40	0	44	20
More than 40	0	45	23
Number of local governments of each type	307	1,589	582

* *dzielnica* (borough) and *osiedle* (district), which are two other types of submunicipal local governments typical of urban areas are not included.

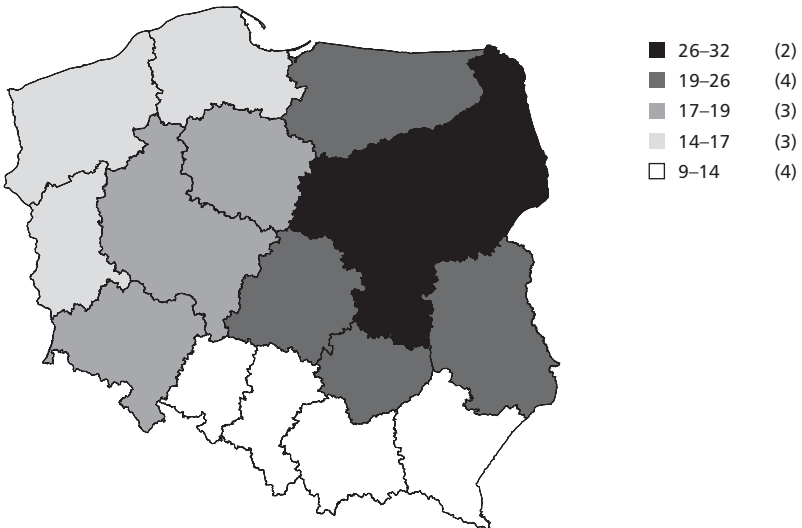
The size of the submunicipal local governments, as well as the number of these entities in local governments differ across Poland (Figures 2 and 3). As it turns out, in regions with a high-density population, submunicipal local governments are numerous. While in the regions with a low-density population, it happens that they are made up in villages consisting only of a few farms. As a result, according to our (approximate) calculations, the average size of submunicipal local governments in the Śląskie region, where they are densely populated, is nine times higher than the average size of submunicipal local governments in the Podlaskie region, where the average number of inhabitant of the submunicipal local government is the smallest. Larger submunicipal local governments in the Śląskie region correspond to the population of many small municipalities in other regions of Poland. It is hard to imagine that this has no influence on the practical functioning of submunicipal local governments in these areas. Unfortunately, these variations in the scale of the whole state have yet to be studied.

Figure 2.
Average Number of Citizens in One Submunicipal Local Government
in Rural Local Governments in 2005



Source: Author's own research based on the data of the Central Statistical Office (GUS).

Figure 3.
Average Number of Submunicipal Local Governments in Rural Local Governments
in Polish Regions in 2005



Source: Author's own research based on the data of the Central Statistical Office (GUS).

2.1 Legal Status of Submunicipal Local Government

Today, the act that constitutes the existence of submunicipal local government is the Act on Municipal Government of March 8, 1990 (*Ustawa o samorządzie gminnym*). Article 5 of this act states that the local government (*gmina*) can constitute an auxiliary unit (*jednostka pomocnicza*). The act lists three kinds of auxiliary units: *dzielnica* (borough), *osiedle* (district), and *sołectwo* (submunicipal local government). Although the act does not express this precisely, the submunicipal local government exists in rural areas, while districts and boroughs exist in urban areas.

Their modes of organization in these areas are different. In districts and boroughs, the inhabitants appoint district councils (*rada osiedlowa*) which are the legislative organ, and establish a management board (*zarząd*)—the executive organ. In submunicipal local units, however, a village meeting is the legislative organ, not the council. We are dealing here with an institution of direct democracy. The village meeting elects, in direct elections, the village head and village council. The village head is the executive organ of the submunicipal local government, and the council fulfils only auxiliary functions (Article 36).

The way of organizing of auxiliary units is not regulated in the act in detail. First, a municipal local government has the opportunity to create an auxiliary unit, but there is no obligation; it is not compulsory. Auxiliary units are created by the municipal (*gmina*) council by means of a local act, after consultations with citizens or by their own initiative. The rules of constituting, amalgamating, splitting, or dismantling a submunicipal local government are defined in the statute of the local government (Article 5). There are two possible ways of constituting such an entity: a top-down initiative, taken by the local government, or bottom-up initiative, taken by the citizens.

Second, the municipal council is responsible not only for the existence of submunicipal local governments, but also for determining the scope of activity of the auxiliary units, and the rules of transferring communal property that can be utilized and for transferring budget funds indispensable for realization its tasks (Article 18). The municipal council also controls its activity by means of a special commission (Article 18a).⁴

The regulations concerning the organization and scope of activity of the auxiliary units are in accordance with Article 35 of the act, determined in the statute of the auxiliary unit. It is then passed by the municipal council after consultation with the inhabitants. Theoretically, they have some influence on its shape. In practice, however, they use this opportunity to a limited extent.

The intention of the lawmakers, who only generally determined the status of the submunicipal local government, was quite clear. The problem was to give the local government independent decision-making powers concerning how they would enter into relations with their auxiliary units, and to leave the possibility to adjust the

submunicipal local governments to local traditions and needs. This solution seems to be apt, in that the activity and the possibilities of submunicipal local governments are actually different in different parts of the country. The obligatory giving up of one's rights in favor of submunicipal local governments was risky, since many submunicipal local governments were unable to bear such a burden. Therefore, in Poland, the level of decentralization depends on local governments' decisions. They "decentralize themselves" as per their individual needs. They give, however, many functions and funds they deem fit to the submunicipal local governments.

However, local governments are not uniformly interested in sharing rights and resources, even if submunicipal local governments are active and can establish a representation able to participate in the management of the problems of the local society. Submunicipal local governments are too weak to demand them. In consequence, even if some customs concerning the rights of submunicipal local governments survived through communism, they are not always reflected in the statutes and practice of today's municipalities.

This problem can be illustrated through the example of the property of submunicipal local governments. Historically, the village, i.e., submunicipal local government, owned its own buildings, forests, pastures, and other goods aimed at common usage. Components of such village property were administered by village heads, and the revenue from it was used for the benefit of the village. These rights survived to the present day, partially in common law; however, it was not often reflected in mortgage or other documents. In 1990, when the Act of Territorial Local Government was passed, municipalities, but not submunicipal local governments, received legal recognition, and, in consequence, no place was made for any mortgaging of the property of submunicipal local governments. In practice, the components of the property of submunicipal local governments formally became the property of the municipalities. That is why each time we speak about the property of submunicipal local government, we use the term "customary property," as it is not property by strict definition.⁵

Box 1.

An Overambitious Mayor in Niepołomice

One of the respondents from the Niepołomice in the Małopolska region reports that the mayor sold the investment land belonging to the submunicipal local government, not knowing to whom it belonged. The village did not react in time and claimed its rights only when construction workers appeared on its land. The agreement to sell the land could not be cancelled, however. The mayor acknowledged the claims of the submunicipal local government, and the conflict was solved in such a way that the submunicipal local government received material compensation for lost goods.

The question of “village possessions” concerns not only the land owned for centuries by the submunicipal local government. These days, there have been goods that are recognized as belonging to the village by common law. Most often they are various structures (bus stops, fire stations, common rooms) that were built or renovated with the help of means gathered by the inhabitants on the basis of voluntary collections and public works. In particular, many such structures erected during communism were built by the inhabitants, and are understood to belong to the village by common law. Also, in these cases, deriving benefits from of these possessions by the village can be difficult at times, because they are appropriated by the municipality. This occurs because local leaders often do not have enough legal awareness to draft an appropriate law.

The act also gives the local governments the opportunity to authorize auxiliary units to perform tasks from the domain of public administration (Article 39, p. 4). Despite the fact that such possibilities exist in many municipalities, such tasks are not given over to submunicipal local governments.

The right of village head to participate in the proceedings of the municipal council, without the right to vote, already introduced into the first draft of the act (Article 37a), is often not utilized by the municipalities. The village heads were not invited to the sessions and they were denied the right to travel or other allowances (Iwanicka 2000). Such repeated instances precipitated (among other things) some records specifying the rights of submunicipal local governments and village heads to be introduced into the amended act of local government of the April 11, 2001. For example, an article about the possibility of the village head to participate in the council was supplemented by an additional record obliging the council chairman to inform the village head of every council meeting and to send him the agenda (Iwanicka 2001).

2.2 Government and Elections

In rural areas, the activity of a submunicipal local government is led by a village head (*sołtys*), who has executive power. He takes part in all municipal (*gmina*) council meetings; however, he has no right to vote. His activity is supported by a village council (*rada sołecka*). It is only an advisory body that helps the village head in making decisions and supports his activity. The most important decisions of submunicipal local government are made in a direct way by a meeting of all the inhabitants of a village, called a “village meeting,” which has legislative power.⁶ Additionally, a community is not represented in the decision-making process, though citizens can make decisions themselves—of course, to a limited extent, which the village is granted by a municipal council. This is a very good example of direct democracy.

The village head, as well as village council, are elected in direct elections.⁷ The mayor is responsible for organizing the elections for submunicipal local governments. The course

and rules of the elections are determined by the individual statutes of the submunicipal local governments. The Act on Municipal Government states only that, “the village head and village council are elected in secret, direct elections, among an undefined number of candidates, by permanent inhabitants of the village entitled to vote” (Article 36).⁸ There exists no special electoral law concerning elections on the submunicipal local government level and, as one of the mayors we interviewed remarked, possible disputes may only be settled by resorting to analogies with electoral laws to the local government.

In practice, and according to tradition, elections are usually held during a village meeting in which all village inhabitants entitled to vote can participate. The date of the election meeting is determined by the municipal council and announced by the village administration or the mayor. The candidates are appointed directly by the meeting participants among the persons entitled to vote. The statutes of the submunicipal local governments state what percentage of village inhabitants must attend the meeting for a valid election. Usually this is approximately 10 to 30 percent of the inhabitants, although in the village of Łagiewniki Nowe (the municipality of Zgierz) the presence of 10 persons is sufficient. If there is no quorum, another meeting is called for at a future date (a common practice is a meeting later on the same day, e.g., after approximately 30 minutes) and a quorum is not necessary then.

Conversely, there are submunicipal local governments where the elections take the form of common elections with a ballot box available for the whole day and under the control of the village election commission (for example, in Łgota and Rząska) (Iwanicka 2006, *Protokół z zebrania wiejskiego nr 2007*).

The possible need to dismiss the village head is a question worth examining. It happens that the municipal councils usurp the right to dismiss the village head or set the commissioner’s rule when the village head does not fulfill his duties or misuses funds. These are isolated cases. It should be remembered, however, that they are justified by years of practice both in communist Poland, as well as in the Poland’s Second Republic, where the local authorities of higher level (as state representatives), had control over submunicipal local governments and were also entitled to dismiss village heads (Podwiński and Typiak 1936; *Obwieszczenie Prezesa Rady Ministrów...*).

The elections usually proceed the elections to local governments. The term of office of the village authorities is usually four years.

2.3 Statute

According to the Act on Municipal Government, each submunicipal local government should have its own statute. This is an important document, as it specifies all the competencies and rules of its existence, especially:

- name and geographical borders of a submunicipal local government;
- procedure of elections of local representatives;
- organization form and precise competencies;
- functions transferred by a local government to a submunicipal local government and how they should be realized;
- scope and forms of control of local government over the activity of a submunicipal local government (Article 35, Act on Municipal Government).

However, we must emphasize that the statute is voted on by a municipal council (and only after consultations with citizens). The state legislature leaves the determination of the detailed rules of the functioning of submunicipal local governments to municipalities. It assumes that the regulations concerning the functioning of the municipality should be adjusted to local traditions and habits. In order to fulfill this function properly, the statutes should indicate in detail the rights and obligations of submunicipal local governments, e.g., the components of customary property that they are entitled to. In practice, the legal consciousness of the actors at the level of submunicipal local governments is too weak, and questions are not regulated in a satisfactory way. Submunicipal local governments are usually not able to formulate themselves or hire a lawyer to write the statute that describes specific common laws prevailing in the village.

Therefore, the common practice is to pass statutes that are “universal” and reproduce only legal records, without containing any new content. As the results from the interviews we conducted show, village heads willingly use templates they either receive from the municipality (that commissions a lawyer to write such a template) or find in a handbook. Statutes that are passed in this way are the reason that, in practice, submunicipal local governments do not have a strong legal basis that codifies their traditional rights. Even if they are respected (as with the above-mentioned case of Niepołomice).

To summarize, there are three acts of law which define the status and functioning of a submunicipal local government:

- the Act on Municipal Government, as discussed above, which provides only very general laws;
- a statute of a local government, which provides rules of constituting, amalgamating, splitting, or dismantling a submunicipal local government, as well as rights to provide the submunicipal local government’s budget;
- a statute of a submunicipal local government, voted on by a local government, which defines all other rights, functions, rules, and laws of an entity. Each statute is prepared for another entity, and the name of an entity should be included in a statute.

3. TASKS, DUTIES, AND LAWS OF SUBMUNICIPAL LOCAL GOVERNMENTS IN SELECTED LOCAL GOVERNMENTS

The only tasks of a submunicipal local government named in the Act on Municipal Government are the administrative tasks of a local government that can be transferred to a village head (Article 39). According to Article 35, it is a statute of a submunicipal local government which gives precise tasks and duties to a submunicipal local government. Additionally, such a statute is a key document in directing how submunicipal local governments function in Poland. P. Chmielnicki (2004) proposes a “model statute,” stating that such a document should include the following tasks of a submunicipal local government in Poland:

- cooperation with local government in carrying out its tasks for citizens of a submunicipal local government;
- representing a submunicipal local government’s citizens’ interests before the local government;
- creating favorable conditions for citizens to allow them to fully participate in the public life of a submunicipal local government;
- submitting proposals and projects of building, extension, and renovation of the following items to a local government: roads and bridges, water supply and sewage systems, bus stops, kindergartens and primary schools, monuments, and tourist infrastructure;
- submitting projects of initiatives to a local government concerning cooperation with the police and fire brigade to keep the security and order in the area of a submunicipal local government, cooperation with NGOs to protect the environment and green areas, social consultations concerning the local council’s duties, social welfare (especially proposing precise forms of help), and the organization and schedule of public services so that it suits locals;
- management of communal property transferred by a local government to a submunicipal local government;
- realization of expenses from a local government’s budget to an extent which is stipulated in a statute of the local government;
- dealing with public service tasks stipulated in a statute of a local government, as well as in other local actions;
- keeping order and cleanliness in the area of a submunicipal local government;
- giving opinions at the request of the municipal council, especially concerning: a plan of conditions and directions for physical planning (*studium uwarunkowań*

i kierunków zagospodarowania przestrzennego) and local physical master plans (*miejscowe plany zagospodarowania przestrzennego*), changes in a statute of a local government, as well as a statute of a submunicipal local government, safety regulations, regulations about where and when alcohol can be sold in the area; kindergartens and primary schools in the area, rules of management of communal property in the area, and finally changes of names of the streets, squares, and villages in the area.

It seems that the number of tasks a submunicipal local government can undertake is great. Although none of them is specified in the Act on Municipal Government, some of them are obviously within the submunicipal local government's responsibility (for example, keeping order and cleanliness or cooperating with local government). In fact, most of the tasks listed above are local governments' tasks. Transferring them to a submunicipal local government is consistent with the subsidiarity principle. But the problem remains that a submunicipal local government does not have the right to directly undertake any specific activities concerning infrastructure. Rather they must give opinions, submit proposals and projects, take initiatives, etc. There is no guarantee that its voice will be heard. It is also constrained by its small and very limited budget.

The above list of submunicipal local government's tasks is only one specialist's proposition (P. Chmielnicki). What kind of functions do local governments use to transfer to their submunicipal local governments in practice? We have chosen 20 different statutes of 20 different local governments to do empirical research and answer this question. They were chosen from different Polish regions. There was also a differentiation when it comes to numbers of citizens (from 1,740 to 25,866 people).⁹ Of course, with 20 different local governments, we are unable to analyze what is the role of location or make any conclusions concerning regional differentiation. The reason why we decided to choose local governments from all over Poland was to be sure that location or size of an entity does not have any significant meaning for the conclusions made on the basis of analyzing the chosen statutes.

We have chosen 20 statutes from 20 local governments, as it appeared that most, if not all, local governments have the same statute for every submunicipal local government in its area. Sometimes one can even find a statute of one entity on the local government's website and information saying that all other statutes have got the same content, except the name of a submunicipal local government. However, according to Article 35 of the Act on Municipal Government, "organization and forms of activity of a submunicipal local government are defined by Municipal Council in a different statute, after consultations with citizens." This means that a different document should have been prepared for each entity, so each, in theory, could be individualized. Entry: "consultations with citizens" appeared in the Act on Municipal Government in 2001,

and before that moment the municipal councils only decided about statutes by themselves (Iwanicka 2001).

What's more, it seems that there are a few "model statutes" which local governments use for their purposes. When reading these 20 statutes we can see that not only the structure and vocabulary are similar, but there is also a group of tasks and duties that are repeated. Understandably it is difficult to write a legal document, and that is why a local governments base theirs on one prepared by a specialist. However, if local government accepts a form of a proposed statute as it exists, for example, by a specialist, it can mean that tasks, duties, and laws are not relevant or appropriate to a local community; they do not seem to be a result of real consultations about what community wants to do by themselves, but only a proposal of what tasks should be accomplished. Also, it does not reflect a locale's specificity. The question arises of how these "model tasks" are in fact fulfilled if they do not depend on the real needs of citizens?

What tasks, duties, and laws do submunicipal local governments have according to their statutes? None of the analyzed documents pointed to as many tasks as P. Chmielnicki has proposed. Firstly, in most of them, there is a task called "helping neighbors" and "creating help for neighbors." In this case, "neighbors" mean citizens living in a submunicipal local government. A group of people who live close to one another should take care of their lives and their problems. A local government in Poland is often so big that people do not know each other very well. It is much easier in a village that constitutes a submunicipal local government. So, although this task of "helping neighbors" seems prosaic and obvious, it is a rule mandated on paper.

Besides generally-formulated tasks and avoiding referring to practice, such as the task "to shape the rules of social conduct," more precisely-determined areas of activity also appear in statutes, such as, the need for "participation in dealing with social problems, culture, healthcare, sports, recreation, and other tasks connected with the place of living." This is a very frequently noted task that appears in most statutes (75 percent of the analyzed documents), and almost always using the same wording. There is no precise statement as to what extent the submunicipal local government should help, or how, but we can assume that this is about helping the local government.

Another task that appears in a few statutes (verbatim) is "a social control on service delivery units (such as schools, kindergartens, libraries; *jednostki organizacyjne*) inter-related with the conditions of life in rural areas."

Another task frequently listed is the organization of common works in the village and the submunicipal local unit. This is also a traditional and important function of the village head. As we have already mentioned, the village can obtain things like building materials for some investments, whereby the village inhabitants become the workforce. The job of the village head (and the village council) is to then organize such an undertaking. In practice, such organization of cooperation is probably the most important public task fulfilled by the submunicipal local government.

Other tasks which appear in few statutes are:

- management of communal property transferred by a local government to a submunicipal local government (which is a duty given to a submunicipal local government in the Act on Municipal Government);
- giving opinions on all important issues concerning citizens, especially: projects of solutions of a local government's entities that relates to a submunicipal local government, local law, local physical master plans, changes of borders, amalgamation or splitting of a submunicipal local government;
- giving opinions about the municipal council's actions which concern a submunicipal local government or, in other cases, at the request of the council;
- asking the municipal council to solve public issues which cannot be solved by a submunicipal local government itself;
- cooperation with local councilors, especially enabling meetings with voters;
- initiating activities of local government's own tasks (*zadania własne*) as well as participation in realizing them;
- activities for a submunicipal local government's development.

A short review of tasks that appear in the statutes of the Polish submunicipal local governments lets us draw some conclusions. First, all tasks which appear in the statutes are very general. From 20 chosen documents we did not find a single well-defined task. Second, there are no tasks that pertain to a specific or individual feature of an entity. Reading all of them together, they can each be viewed as tasks relevant to any submunicipal local government in Poland. They do not reflect any local aspects. Finally, they are not tasks leading to any form of decentralization; "helping people," "giving opinions," "cooperation," etc., definitely are not tasks that would mean decentralization of functions within local government.

It is obvious that 20 out of more than 40,000 statutes (or almost 2,500 if we assume that statutes in every local government are the same) is not a representative group. We cannot draw conclusions about all submunicipal local governments in Poland based on this number. However, it gives us some information about a specific phenomenon. What's more, even a "model statute," recommended by specialists, does not create more individual tasks that reflect some specific local aspects. It does not encourage the decentralization of local governments' tasks either.

This problem is also recognized by J. Iwanicka, director of the *Journal of Submunicipal Local Governments* ("Gazeta Sołecka") and a member of a village council in a submunicipal local government near Warsaw. She claims that many village heads, mayors, and councilors often ask different organizations, including her journal, for a "model statute." "We do not have it and we should not have it, because each submunicipal local govern-

ment should have its own, individual, different statute, carefully thought out, which considers local aspects of local government and submunicipal local government,” says J. Iwanicka (2003: 37). Not every entity is able to fulfill the same tasks transferred by a local government. At first, some of the submunicipal local governments are very active, and some of them are not, as the local community is not active itself. Secondly, the communal property that is at the submunicipal local governments’ disposal (customary property) differs very much. Its status depends on what customary property was in its hands by 1990 (gifted or purchased by work). Third, there are different submunicipal local governments’ possibilities to provide its own budget within local government’s budget. This depends on the wealth of the local government, as well as on good will of local authorities.

Although J. Iwanicka is not a supporter of giving one universal, “model” statute, she proposes a statute that would be perfect for the submunicipal local government she governs and lives in (Iwanicka 2003). This statute is quite different from all others analyzed in this paper, especially in terms of its details. As far as the tasks of a submunicipal local government are concerned, there is one main difference: apart from the tasks of an entity specified in one place (similar to the ones detailed above), there is also a list of tasks transferred by a local government specified in another place. This is a very interesting proposition that is related to the idea of decentralization, and therefore worth looking into.

Iwanicka’s statute states that submunicipal local government’s tasks, voted on as local acts by the municipal council, comprise the following tasks:

- street lighting (especially buying and changing old lamps for new ones, exchanging old street bulbs for energy-efficient ones, installing lamps in places without them, paying for energy);
- signing contracts with companies responsible for snow removal, sanding and salting icy and snowy streets, and paying for these services;
- signing contracts with companies responsible for waste collection and disposal and litter collection from public spaces; activities for the promotion of recycling waste and initiating the action “cleaning the world” for citizens (especially children and youth);
- supporting and publicizing the idea of local government and promotion of a submunicipal local government by publishing information about an entity.

The final problem is the management of communal property. This task appears in the Act on Municipal Government in Article 48: “Submunicipal local government manages and uses communal property and manages revenues out of it to the extent that is stated in the statute.” The task also appears in P. Chmielnicki’s “model statute” and in some of 20 analyzed statutes. However, there are no details concerning the customary property

of the submunicipal local government (or any indication of specific plots, buildings, or other benefits from it) in any of the documents. In this case, a document presented by J. Iwanicka differs, as it enumerates buildings and lands that constitute a customary property of an entity in question.

4. FINANCING SUBMUNICIPAL LOCAL GOVERNMENTS AND HOW IT WORKS IN PRACTICE

According to the Act on Municipal Government, it is a statute of the local government that states whether a submunicipal local government can manage its own finances. It cannot be a completely separate budget, but only a budget “within the municipality’s budget” (Article 51). Sometimes a submunicipal local government has its own bank account, though this is not common. According to one of our respondents, due to not being legal entities, current submunicipal local governments have problems just with opening bank accounts. Traditional banks in rural areas, however, do not make a problem of this.

Neither this act nor any other legal document directly describe the source of income of the submunicipal local government. The act only states that the income of the submunicipal local government can come from managing and using the customary property. The precise extent of these possibilities is specified in the statute of the municipality regardless. All other regulations concerning the income of the submunicipal local government are an individual issue and depend on the goodwill of the municipal council and local tradition. On the basis of interviews, document analysis (statutes of the submunicipal local governments and reports on their activities, among others) and research of the literature, we divided the potential income of the submunicipal local governments into groups which we will describe briefly. They are used by local authorities jointly or separately.

4.1 Money and Revenue Flows Put at the Disposal of the Submunicipal Local Government

Whether the local government puts any money at the disposal of the submunicipal local government depends only on its good will. On the basis of the data available, it is difficult to assess how often this happens. There is no national, aggregate fiscal information on municipal spending at the level of submunicipal local governments. According to a survey conducted in 2001, where 395 village heads were interviewed (Swianiewicz and Herbst 2002), local governments allocated small amounts of their

budgets for minor village investments, to be both decided upon and managed locally, in almost half of the cases (47 percent). On the other hand, according to results from the interviews we conducted with the representatives of the village heads' associations, no separate fund intended for the submunicipal local governments was created in the majority of municipalities in Poland. The interviews also showed that the amount of the funds can be very different in different municipalities. However, in most cases, these funds are low and insufficient for investment.¹⁰

Box 2.

High Funds for Submunicipal Government

The Czerwionka Leszczyny municipality in the Śląskie region is an interesting case. As results from the reports of the submunicipal local governments to the municipality (<http://www.czerwionka-leszczyny.com.pl>), the municipality puts at the disposal of the submunicipal local governments the sum of approximately PLN 70,000 per village (EUR 19,022). This allows them to undertake serious investments in the village infrastructure. The president of the regional association of the village heads could also list three Silesian municipalities with relatively high village funds. They were: Toszek, Zbroslawice, and Lyski. In the opinion of this respondent, except for Silesia, such high funds for submunicipal local governments are also found in some municipalities in the Małopolska region and in the Wielkopolska region. However, these cases are rare.

According to the study quoted by P. Swianiewicz and M. Herbst, the money at the disposal of the submunicipal local governments comes from the local taxes collected in their area, most often an *agricultural tax*, in 33 percent of cases. However, our research shows that this solution is not used that often, and even if it is, the mode of calculating the means the submunicipal local governments are due depends on many factors, not only on the size of local taxes.

Box 3.

Determining Village Funds

As we learned from the President of the Social and Cultural Association of the Village Heads of the Śląskie region, the amount of the possible means allocated to the submunicipal local governments is decided each year in a budgetary resolution of the municipality. If such means are dispensed from the municipal budget, their amount is determined arbitrarily by the municipality. Only the way of allocating this amount between villages is calculated according to special algorithms that vary between municipalities and that take into account the amount of taxes collected locally. In the Toszek municipality, this algorithm depended on the number of inhabitants and the amount of agriculture tax collected in a given village. In other municipalities, other methods were used, also taking into account the area of the given unit.

In some of the municipalities we investigated, the diversity of the amounts given to the submunicipal local governments depended upon the number of their inhabitants. However, the amount of the resources given per capita was very different in different places. We also came across municipalities where the amounts allocated to particular submunicipal local governments were equal and did not depend on their size.

Box 4.

Arbitrary Distribution of Funds to Villages

The Jonkowo municipality in Warmińsko-Mazurskie region, where we conducted our interviews, gives the submunicipal local government approximately PLN 0.8 (about EUR 0.15) per capita every year, which adds up to approximately PLN 500 (EUR 136) per village, on average. On the other hand, in the Pleszew municipality in the Wielkopolska region, the means put at the disposal of the submunicipal local governments usually amount to PLN 10 (EUR 3) per capita, which in a very small village of Zawady gives PLN 600 (EUR 163), and in the biggest village of Kowalew—as much as PLN 16,000 (EUR 4,348) (*Działalność jednostek pomocniczych gminy...* 2004).

It should be added that from the reports on the activities of the submunicipal local governments in the municipalities mentioned above (those having village funds), it is evident that the village funds are clearly separate in relation to the municipal budget. Their use was determined at village meetings. During the meetings, the village head informed the persons present on the passed municipal budget. He then made a suggestion, prepared by the village council, of how the funds should be allocated. As we learned from the quoted member of the Association of the Village Heads in the Śląskie region, the resolution of the village meeting on the allocation of village expenses is handed over to the municipal office. Its decisions, however, are not endorsed by the municipal authorities.

4.2 Income from the Customary Property of the Submunicipal Local Governments

Another source of income for the submunicipal local governments comes from the sale of communal property at the disposal of the submunicipal local government (customary property). However, as we have already mentioned, respect of the village customary property rights by the municipal authorities is often problematic, since these rights have only a customary character (the Act on Local Government gives the submunicipal local government only the right to use and manage the customary property described in the statute, and in the light of the law, this property is a communal, municipal property).

Box 5.

Village Own Revenues from Property Sales

In the municipality of Zabierzów in the Małopolska region, a plot belonging to the submunicipal local government was sold (to a private citizen). In this case, the fund of the submunicipal local government was supplied with a sum of 50 percent of the income from the sale, the rest of the money was transferred to the municipal budget. The way this money was divided was regulated by the municipal statute (*Protokół nr 1/2006...*).

The submunicipal local governments are supposed to supply their budgets with the income coming not only from the sale but also from the management and usage of the customary property they own.

Box 6.

The Car Fair

One of the respondents gave us an example of a submunicipal local government that used the income from their forest holdings for its needs. In one of the reports on the activities of the submunicipal local governments that we investigated (*Protokół z zebrania... 2005*), we came across a situation where the submunicipal local government had an income in the amount of PLN 35,000 (approximately EUR 9,511) from an annual car fair taking place in the village.

Some submunicipal local governments also include in their budgets income from events they organize with the use of the village customary property, for example, village festivals or events organized in village buildings. However, as results from the interviews we conducted reveal, in the majority of municipalities the right of the submunicipal local governments to such income is not respected by the municipalities. As one of the respondents explained to us, the income from this kind of event is usually wholly appropriated by the local government (which is the rightful owner of the customary village property), and the local government chooses to overlook the fact that the village head does not account for this income in its entirety, using but a small amount for the needs of the village.

4.3 Other Sources of Income

Aside from situations where the submunicipal local government is free to allocate the means received from the municipality, there are also municipal subsidies that are intended for a specific aim (municipal specific grants). During our investigations we

came across two submunicipal local governments that list intentional subsidies from the municipal budget as a source of their income in their statutes (*Statut Wilków* 1992, *Statut Wizna* 2003).

A traditional form of obtaining funds for the activity of the submunicipal local government is a voluntary collection from the village inhabitants. In most cases, however, this collection is informal and is not recorded. “Free collections from natural and legal persons” appeared even in the statutory sources of income of the submunicipal local government, as was the case in eight out of 20 statutes we investigated. The existence of this form of fund raising is confirmed by our respondents, who claim that it is mostly directed towards various works in the aid of the village, for example, the purchase of building materials.

In one case, we came across a description of a voluntary collection for a particular purpose in the village of Żegocina in the Małopolska region, where the village council collected money for the family of a deceased village inhabitant (*Sprawozdanie z działalności...* 2006). When this money has to be entered into books, it must be paid into the account of the municipality, which can then allow the submunicipal local government to use it only at its discretion.

The participation in various nongovernmental programs directed at villages can also be a source of financial means for the submunicipal local government. However, the participation of the submunicipal local government in such a program must be mediated by some legal entity: the municipality, a municipal institution, church, or a nongovernmental organization, for example, the principles of participation in the program “Restoration and Development of the Countryside” (Kamiński *et al.* 2007: 103).

4.4 Financial Management by the Municipality

In all the places where we conducted direct interviews on the financing of submunicipal local governments, the means making up the village fund were, from the formal point of view, a property of the municipality. In order to account for the money, the village heads wrote out invoices from their municipality without having separate account books. This situation results from the fact that the submunicipal local governments are not legal entities, a position with both advantages and disadvantages. On one hand, the submunicipal local government is not burdened with bureaucratic obligations. Also, it is consistent with the rule of the budgetary unity and could negatively affect the use of the means at the municipality’s disposal. On the other hand, it makes the submunicipal local government to some extent dependent on the good will of the municipality, because it does not have a formal possibility to generate income independently. As a result, if the

submunicipal local government wants to take on any financial activity of its own, without the agency of the municipality, it has to register as an association of the constituents of the village, which could thus play the role of a financial subject.

Thus, legal regulations make the submunicipal local government unable to perform certain types of activities. In practice, however, this does not seem to be an obstacle. The results from the reports on the activities of the submunicipal local governments show that the “the activity of the submunicipal local government” is unclear, taken for granted, and could include anything that happens in the village. This conclusion is drawn from a report of the village of Chwaszczyno, mentioned above, in which a car fair generates income for the submunicipal local government and is formally run by the Municipal Cooperative “Samopomoc Chłopska”; in other reports on the activities of the submunicipal local governments we also found information on various activities in which the formal patron were other village organizations.

4.5 Remuneration of the Village Head

Generally, the function of the village head is not remunerated. However, this function sometimes requires some income. The form and the amount of the remuneration are different according to the municipality.

First, as previously mentioned, the village head is usually the collector of agriculture, forestry, and real estate taxes (taxes from natural persons only) as well as dog license taxes, of which he receives a small percentage as commission. In the cases we analyzed, the commission amounted to from two percent up to as much as 30 percent in the case of the dog license tax. This is legally regulated by local acts. It can be assumed that the village heads receive their remuneration in the form of a commission from taxes wherever they fulfill such a function, presumably in the majority of municipalities in Poland.

Second, the municipal council can decide to pay him an allowance (*per diem*) and refund business trip expenses, such as for attending a meeting of the municipal council. A common practice is offering an allowance during attendance of the meeting of the municipal council (the village head is then treated equally as a councilor), or simply an allowance for holding the post of the village head. In practice, municipalities pay only one of these allowances. In the statutes of the submunicipal local governments we analyzed, the village heads received some kind of an allowance in 17 out of 20 cases. However, it is probable that such a practice is more common in the wealthier and more active municipalities which publish their local acts on their internet pages. It is rarer in less active municipalities. As is confirmed by our respondents, the presidents of the associations of village heads in the Podlasie and Podkarpacie regions claim that paying out allowances for village heads is uncommon.

Box 7.
Remunerating Village Heads

In the submunicipal local governments we analyzed, the money received by the village heads for attendance at municipal councils and the remuneration for serving as a village head ranges from PLN 40 (approximately EUR 11 in the Ulanów municipality), up to PLN 100 in many municipalities (EUR 27 EUR in the Stronie Śląskie, Studzienice, Rewal municipality), to PLN 160 (EUR 44 in the Zgierz municipality). It happens that the allowances are diversified for different submunicipal local governments in the municipality and depend on the number of village inhabitants. In Zielona Góra, in villages of more than 2,000 inhabitants, the village head receives PLN 350 monthly (EUR 95), in villages of 1,001 to 2,000 inhabitants, PLN 300 (EUR 82), and in villages of up to 1,000 inhabitants, PLN 200 (EUR 54). In the Gostycyn municipality, the village heads receive from PLN 161 to PLN 296 monthly; this sum is diminished by PLN 68 if the village head is absent from the municipal council meeting. On the other hand, in Kolsk, the sum of PLN 80 monthly was determined as the allowance for the village heads and PLN 60 additionally for the participation in the municipal council meetings. This sum may also be calculated on a quarterly basis (as in the municipality of Jonkowo).

An interesting solution was discovered in the municipality of Jonkowo in the Warmińsko-Mazurskie region. The municipality put one or more workers at the disposal of the submunicipal local government to perform simple cleaning tasks. These workers were registered as unemployed but were employed by the Employment Office for intervention works. In such a situation, the village heads also received remuneration for the supervision of these workers—to the amount of PLN 108 (approximately EUR 29) for each worker. Although we came across the phenomenon of delegating “intervention” workers for the needs of the submunicipal local governments in other municipalities as well, the municipality of Jonkowo was the only one remunerating the village heads for the supervision over their work. Finally, another element of the personal income of the village head in this municipality was a remuneration received sporadically due to other works performed by the village head, e.g., for the engagement of construction works in the village. It is evident that even in a municipality that is quite generous to its village heads, the level of personal income of the village head is relatively low, so that it does not change the basic unprofitable character of this function.

As one of the respondents claims, it happens in some municipalities that a common form of remunerating the village head is a (free) handover of some farming land owned by the municipality. Within the studies we conducted, we did not come across this type of solution.

Generally, the remuneration of the village head is low, and this function is based on an engagement that is not financially compensated. As we also observed in the interviews, the boundary between the personal income of the village head, as determined by the municipality, and the means given to the village fund in small villages is blurred, as the village heads we interviewed were often confused about which of the small sums they received from the municipality belonged to them personally, and which were the property of the village. It is beyond question that the village heads, when organizing

village events, sometimes cover the expenses out of their own pocket (*Sprawozdanie z działalności sołtysa...* 2004).

5. VILLAGE HEADS, REPRESENTATIVES, AND VILLAGE MEETINGS

Although it can be assumed that there are many more differences in the functioning of submunicipal local governments in different regions of Poland, with the main difference concerning the actual activity of these units, this topic is still poorly studied and described. Literature on the present submunicipal local government virtually does not exist, and collecting any information of a cross-sectional character would have required separate studies. We found only three empirical studies devoted to submunicipal local governments (Ostrowski 1995 and 1999, Styk and Węgieńkiewicz 2006), which also have quite a fragmented character and do not fulfill all the needs of this paper. We will come back to their results at the end of this section. Therefore, our knowledge is based on the descriptions of single cases received in the course of the interviews we conducted, and on the (randomly selected) reports on the activities of submunicipal local governments, as well as on the descriptions of good practices in a monthly paper, *Gazeta Sołecka*, directed to village heads, and in a biweekly, *Wspólnota*, aimed at local governments.

The functions fulfilled by the village heads can be divided into three groups:

- village head as a representative of the municipality in the village;
- village head as a representative of the village in contacts with external institutions, especially the local government;
- village head as a local leader among his own community.

Fulfilling the functions of the first group, the village heads are subservient to municipal authorities. Their role consists of mediating between the municipality and the village inhabitants. It is fulfilled by almost all village heads—at least to some extent. The functions of the second and third group are more important, from the point of view of submunicipal local governments, as an element of the local democracy. However, they are not fulfilled so frequently. To fulfill them properly requires from the village head a certain initiative, and from the municipal authorities an understanding of bottom-up initiative.

All these functions are, of course, interdependent. We are now, however, going to try to describe each of them separately.

5.1 A Representative of the Municipality in the Submunicipal Local Government

Even the “passive” village heads can boast that their function is to deliver tax writs and collect taxes from the village inhabitants. In fact, the interviews we conducted show that this is the most basic function of the village head, performed almost in all submunicipal local governments. A questionnaire conducted with 11 village heads in the Mazowsze region showed that this is the most often quoted task of the municipality realized by the village heads.¹¹

Another important function of the village head, making him a representative of the local government, is delivering the village inhabitants information on the most important events and initiatives of the municipality. The village heads are also sources of information of the municipal authorities on the actual needs of the given village. This results from the reports on the activities of the submunicipal local governments when (like before the Second World War) the village heads suggest the municipal authorities the existence of various needs.

Box 8.

Road Repair and Village Heads

In a report on activities, the village head of Książenica relates that he would bring municipal and *powiat* (county) officials (responsible for municipal and *powiat* roads) to the village to inspect road damage, and subsequently brought about their repair. The same village head also participated in the yearly inspection of local roads. He also took part in the acceptance procedure of the community service works performed in the village (*Sprawozdanie... Książenice* 2004). On the other hand, the village head of Stanowice relates in his report that not only does he control the acceptance procedure of the works in his municipality, but also tenders concerning the works in his village (*Sprawozdanie... Stanowice* 2004).

The village head also performs many other tasks of mediation in dealing with the official matters of the village inhabitants. They concern tax matters, sanitary protection of the village, records of people and animals, reporting on the breakdown of communal infrastructure, or on problems connected with the relationship with other subjects than local government authorities.

The village head is a person relatively better oriented in official matters than the rest of the inhabitants. Although this task has a more informal character, the village head often helps the neighbors in writing official documents, applications, and the like. This conclusion is also confirmed in the above-quoted studies conducted with the 11 village heads in the Mazowsze region.

The obligations of the village head also include informing and opining on the needs requiring social help in the municipality. As a person with the best knowledge of the local community, the village head is usually a partner of the Municipal Center for Social Help, designating persons requiring help or giving an opinion of the applications for such help (Mielczarek and Domańska 1999). However, as results from the studies conducted by the Polish Institute of Economics of Agriculture and Food Industry show, the social functions of the submunicipal local governments are becoming restricted—both in comparison with the period before 1989 and the beginning of 1990s (Ostrowski 1999). This is also influenced by the Act on the Processing of Personal Data, which prohibits village heads from viewing official information on the material situation of village inhabitants. The village heads, who previously had wider access to the information, often perceive this as a marginalization of their role.

Aside from the obligation of keeping in contact with the municipality, there are other tasks that put the village head in the position of an official of the lowest level of the state administration. The village heads used to perform these tasks in prewar Poland, as well as in the period of communism. Similarly, the village head is designated as the performer of various acts concerning the given domain, but not connected with local government matters. A part of these functions is, at the same time, connected with the natural role of the village head as a head of the submunicipal local government—or the person responsible for the safety and well-being of his village. These functions pertain to (Zell 1999:74–75): securing the sanitary state of the village, fire safety, delivering conscription cards, and some others.

5.2 Village Representative

In the villages where we observed active submunicipal local governments, a crucial area of this activity was winning the means and the realization of infrastructure investments. Because submunicipal local governments do not have much money, they try through external institutions. A natural driver in procuring these investments is the municipality. Earlier, we pointed out that the local government receives up-to-date information on the state of the roads and other needs of the village through the village head. However, the role of the village head does not have to consist in reporting alone, but also in acting so that investments enhancing the living standards of the inhabitancy are realized in the village. Interviews, reports of the submunicipal local governments, and a list of achievements of the village heads published in *Gazeta Sołecka* (a paper that presents the achievements of the submunicipal local governments in each issue) shows that the ability to win investments for the village is one of the main factors in the job evaluation of the village head.

Most often the subject of the endeavors of the submunicipal local governments are infrastructure investments, such as construction and repair works: of roads, pavement, parking lots, pipelines, sewage systems, lighting, bus shelters, common rooms, cultural houses, kindergartens, and the like. The village heads also strive for support of their local organizations from the village, such as, volunteer fire brigades, village housewives circles, sports clubs, and cultural organizations. Finally, the subject of the endeavors of the village heads is winning the means for organized village events: harvest homes, women's day, anniversary ceremonies, and cultural events.

Box 9.

Active Submunicipal Governments

More active submunicipal local governments strive for municipal investment in a more systematic way. Before the municipal budget for a given year is prepared, more active village councils make a list of postulates of the village to the municipal budget. In the cases we are familiar with (*Wnioski do budżetu... Rząska 2007, Plan Inwestycyjny... Jonkowo, 2007*), this document does not contain the expected costs of the investments, just a list of needs. This document is officially filed in the municipality before the deadline negotiated with the authorities. It does not force the municipality authorities to execute the indicated investments. It is but a list of needs and one of the factors influencing the budget plan.

Another tool used to influence municipal decisions is the participation of the village heads in the meetings of the municipal councils. As Z. Zell (2001: 54) writes, “municipal councils in great majority allow the village head participation in the meetings with the so-called advisory vote, which means the entitlement to speak in the name of the submunicipal local government.”

However, the most frequent practice is probably classic lobbying—personal visits of the village head to the mayor and other officials having influence on the decisions that are important for the village. These officials are both municipal officials and representatives of other subjects that may be important to the municipality.

5.3 A Host and a Local Leader

The social role of the village head is generally that of the submunicipal local government, a person who strives for the interests of the local community. In the previous section, we pointed to the fact that one of the most important roles of the village head is the winning of material and financial means for the village, enabling the running of socially useful investments and local enterprises. However, according to centuries of tradition, the majority of village investments are performed by the village inhabitants themselves,

and only a small percentage is fully financed from the budgetary means, without using the work of the village inhabitants.

The role of the village heads does not consist only in lobbying with decision-makers who can procure the village means for investments, but also in mobilizing the local community to take up common works. The local community's ability to undertake use of the subsidy is usually a contingency for its grant. It is frequently the case that the subsidy from the local government authorities covers the costs of the materials, and the village provides the workforce. The person initiating such a project is usually the village head. The village council then determines the actual aims of the activities, and tries to get the material means and mobilize the inhabitants to participate in the public works.

Local activity needing the participation of community service is often stimulated through various competitions, such as for “the most beautiful village,” organized by the regional government, region heads, regional organizations, associations, local governments, etc. While participating in such schemes, village inhabitants perform certain cleaning works together, build or renovate structures serving public needs (playground, bus stops, pavement), and generally upkeep their villages.¹²

Box 10.

The Most Beautiful Village Competition

The competition for the most beautiful village started one of the biggest programs addressed especially to submunicipal local governments: “Revival of the village, and the preservation and protection of cultural heritage.” It was initiated in 1996 in the Opolskie region by the regional authorities. Its realization was modeled on an analogous German program realized in North Rhine-Westphalia (a partner region of the Opolskie region). The program consists of intensive training programs aimed at local communities on the level of submunicipal local governments, in encouraging village communities to create strategies of development on the level of submunicipal local governments, and in allocating significant resources for investment in the village. These activities are directed at the submunicipal level, whereby village meetings and the submunicipal local government should be the initiators of these activities. The investments are realized with the participation of the village inhabitants.¹³ At present, this program is realized in three regions (Opolskie, Śląskie, and Zachodniopomorskie region), and the yearly expenditure for its realization in the Śląskie region, where we sought information on this topic, amounts to PLN three million (EUR 833,000).

Submunicipal local governments can also be recipients of small grants from other sources. The representatives of the Rural Development Foundation, the biggest Polish NGO addressing its resources to village communities, claim that approximately 10 percent of the applications submitted to the foundation concern projects realized by submunicipal local governments. The total yearly budget allocated by the Rural

Development Foundation for small grants amounted to PLN 3.4 million (EUR one million) in 2007.

The submunicipal local government and the village head are forms of natural leadership of bottom-up, self-organization in Polish villages. Cooperation in the construction of the village infrastructures is tradition.

The problem, however, is the poverty of Polish villages, and the lack of means in communities that could be handed over for the activities of the submunicipal local government, as well as a pervasive dislike of the municipal authorities in the matters of delegating the decision to allocate the means to submunicipal local governments.

5.4 Actors in Local Politics

Only persons esteemed by the village are elected village heads. Where submunicipal local governments are passive, the authority of the village head does not play a distinctive role. In villages where we conducted interviews with “passive” village heads, our respondents were certainly not participating in the local politics. They admitted that there are not many volunteers to perform the function of a village head.

However, in active submunicipal local governments, the village heads were important persons in their villages. As the mayor of a municipality told us, where the activity of the submunicipal local governments did not leave any doubts, there are usually a few candidates in the elections for the village head and the voters expect from the elected person proof of some achievement. The respondent, however, also pointed to the fact that a successful village head usually keeps his post for many terms. This is also confirmed by *Gazeta solecka*, which publishes the profiles of distinguished village heads in each issue. In many cases, they are long-term holders of the position.

While the village head, as a local leader, is a conspicuous person in the village, the village council is less visible. In a small-scale study conducted by the Association Foundations of a Strong State (*Stowarzyszenie Fundamenty Silnego Państwa*) in the Komorniki municipality in the Wielkopolska region, 80 percent of the respondents claimed they knew where the village head lived and 66 percent knew his name. According to the results of the same studies, more than a half of the municipality inhabitants did not know that there was also a village council in their village, and only 12 percent were able to name any of its members (Reich 2006). In two interviews, when we were able to talk to the village heads about the functioning of the council, they claimed its task foremost consists of helping the village head in reaching various communities, with whom the village head does not necessarily have daily contact. Undoubtedly, however, the village council is a group of people cooperating with the village head and not playing (as councilors of the submunicipal local government) a particular individual role.

Aside from the village head, the other salient person in the village is undoubtedly the councilor. (Although a councilor may represent more than one submunicipal local government). From the interviews we conducted, it is clear that his function is different than that of the village head. The village head is undoubtedly concerned with the questions of the submunicipal local government and mobilizing the local community. The village head works in his own village, and it often happens that he simply performs many activities by himself. He/she can be compared with the councilor only when he/she comes into the municipality. Currently, the village head and the councilor are allies, because they lobby to their own villages. Although, theoretically, the councilor should take into account the interests of the whole municipality, he usually does not forget to represent the voters from his own ward, which often coincides with the village (Dzieniszewska-Naroska 2004). It does not change the fact that the area of his interest is usually much larger. As our research shows, the village heads may be councilors; however, this is not common in practice. We also came across a village head who became the mayor. This is not common practice either, as the function of the village head is usually not the beginning of a political career.

Although an active village head is an important person in his village and often has some influence in the local government and local institutions, he participates in local politics only to a small extent. Although he can, and he should, strive for decisions favorable for his village, he does not have direct influence on them with the local government authorities. He participates in decision-making as an advisory body at most. In respect to the municipal authorities, he is rather a messenger gathering local proposals, and writing down problems observed during fieldwork, though he is not a person having at his disposal real political influence on solutions. Moreover, the village head does not usually have enough education and competence to be able to control the activities of the local authorities. He is rather inferior in relation to them and is seen as a person who should strive for solving local problems in the name of his village.

5.5 Village Meeting as a Form of Direct Democracy

The village meeting is the highest local organ of the submunicipal local government. It is called according to the statute of the submunicipal local government, from the initiative of both the village head and municipal authorities or inhabitants. The village meeting usually has the right to choose the village head, make decision on the allocation of resources in the disposal of the submunicipal local government, formulate postulate for the municipal budget, accept the report from the activity of the village head, and make other decisions concerning matters important for the village. It is then, undoubtedly, a form of direct participation of the inhabitants in the ruling over the life of their own village.

According to the meeting minutes we analyzed, not more than 100 persons usually participate in each meeting. As previously mentioned, if this is not enough for the quorum required by the statute, the rule of “the second date” is used. The second date of the meeting is often given along with the first, anticipating in advance that those entitled to vote will not come in the number required by the regulations. Although, in practice, the determination of the quorum is fictional, it is quite common, and does not harm the rules of democracy.

It can be assumed that the village meeting in passive submunicipal local governments has only a formal character: it is restricted to the elections of the village head and the approval of the report he submits. A very limited number of persons participate in the meeting. In more active submunicipal local governments, a few or a few dozen percentage of participation of the village inhabitants in the meetings means that only the more active part of the inhabitant participate. In the submunicipal local governments we observed, there undoubtedly exists a division into persons participating in the activity of the submunicipal local government, and those who do not take part in the life of the village.

Analyzing the minutes from the village meetings, we also observed that they are quite often an opportunity for a political agitation by the councilors and municipal authorities. The village administrator or the village councilor show up at the village meeting in order to present, for example, a plan of the municipal budget, and future investments in the village in order to promote their program in the upcoming elections. The presentation of the candidates for councilor may also be a point on the agenda (*Protokół nr 2/2006... Rzęska*).

The minutes from the village meetings does not indicate that they are a forum of actual heated debate on civic matters. We did not come across any situation where the authorities of the submunicipal local government had a problem with accounting for their activity before the village meeting. It can be assumed that in many cases, the meeting is just a formal obligation to take and accept some initiatives, and the actual discussion on the forms and aims of the activities takes place during informal meetings between the inhabitants.

This does not change the fact that a village meeting is an institution of direct democracy: a place where the local community can be mobilized to action, and start a discussion on the needs of the village, and the activities that should be taken. It is regretful that the use of this institution is quite limited in many Polish submunicipal local governments. There are two reasons for this. First, the municipalities are quite unwilling to delegate the responsibility of making decisions to submunicipal local governments, which is why there is not much to discuss during village meetings. Second, there is a low level of civil activity in rural areas and many inhabitants do not feel the need to participate in decision-making and are unwilling to strive for the legitimacy of initiatives in questions.

In none of the cases we analyzed did we come across information concerning any conflict in the villages as to the representation of various groups of the rural community, including under-representation, for instance, of local ethnic or religious minorities. In a relatively ethnically homogenous Poland this problem does not seem significant. A much more significant variation is the attitude towards submunicipal institutions of the “new” minorities appearing more and more frequently in Polish villages, especially in the outskirts of large metropolises: people emigrating from cities and living in nearby rural areas. We know from both the literature (Figiel 2006), and from our own observations, that such groups integrate poorly with the village community, and are not interested in the institutions the villages have developed. Even those prone to active participation in the local field are not often interested in participating in village meeting or events organized by submunicipal local governments. Instead of a traditional organizational framework, submunicipal local governments choose new ones: associations (NGOs). An association is a form of activity that is both culturally closer to them as well as more universal, because it has a legal status exclusive of the submunicipal local government.

5.6 Activities of Village Heads and Submunicipal Local Governments: Findings from Empirical Research

In describing the various functions of the village head and the submunicipal local government, it is difficult to unambiguously evaluate what actual tasks are managed by village heads, and with what efficacy and to what extent. We are not able to determine how many active, and how many passive village heads there actually are in Poland. Studies concerning the activity of submunicipal local governments are scarce. In order to clarify these issues we will quote the results of three different cases

Data collected for 20 years by the Institute of Economics of Agriculture and Food Industry, from studies conducted on a sample of 74 villages, indicate the extent to which the public works were used to realize projects for the common good of the village. They show that public works were organized in 92 percent of the villages during 1985–1988 (the last years of communism) and 32 percent of them realized four investments or more. During 1989–1992 (in the first years after the collapse of communism) the number of public works decreased. They were realized only in 78 percent of the villages under investigation, and 10 percent of them concerned more than three investments. Another study concerned the years 1992–1994. It showed an increase in the number of public works in rural areas. In the time period under investigation, public works were conducted in 93 percent of the villages, and in 26 percent of them four investments or more were realized (Ostrowski 1995). On the basis of this data, we cannot state concretely whether these investments were realized upon the initiative of the village head, and whether they were achieved by the village head’s actions. However, one can expect

that if such public works were organized, were at least conducted with the cooperation of the village head.

Table 2.
Undertakings Managed by the Village Councils in 1992, 1994, and 1996

	1992	1994	1996
Number of villages under investigation	72	72	73
Number of villages where undertakings managed by the council were distinct	41	64	61
Number of undertakings in total	87	180	101
Construction and repair of roads, bridges, and street lighting	40%	30%	28%
Construction of water-supply system, sewage system, sewage treatment plant, and gas-supply system	13%	20%	26%
Construction of a bus stop, other improvements of public communication, establishment of phone lines	9%	10%	20%
Construction and repair of educational, cultural, and healthcare institutions	20%	16%	13%
Problems of agricultural production	6%	—	—
Commerce and services	1%	1%	—
Social care	5%	11%	—
Other	6%	12%	13%

Source: Ostrowski 1999.

In another passage, the same author quotes data describing what actions were organized in 1992, 1994, and 1996 by village councils (Ostrowski 1999). As Table 2 shows, where submunicipal local governments are highly active, they concentrate their activity on the development of village infrastructure. This proves that very concrete and detailed matters concerning the village are discussed in submunicipal local governments, despite a quite general formulation of the tasks of submunicipal local governments in their statutes referred to earlier in this chapter. Village councils manage social care to a much smaller extent. Neighborhood help or activities concerned with culture are not included in their tasks at all.

It is worth noting that the village head and village council are included in public works realized in the village, if there are any, whether or not that submunicipal local governments are actively pursuing investments. Moreover, this study only reflects the work of the village council, whereas there are probably more activities performed by the village head. This applies only to these matters that had to be tackled collegially, such as larger undertakings concerning the whole village. It can also be speculated that the submunicipal local government was not in all cases the initiator of the realization of a particular task—one can suppose that even in those situations where the investments

were initiated without the active participation of the village head and the village council, it was necessary to include these subjects for the realization of these investments.

The study conducted by the students of the Faculty of Geography and Regional Studies at the University of Warsaw of 11 submunicipal local governments in the Mazowsze region might not be totally representative, though it provides some insights into the problem under investigation.

It is worth noting that the majority of village heads studied use their opportunity for participation in the meeting of the municipal council: six respondents claim that they always participate, three participate often, and only two attend from time to time or rarely. Moreover, according to the village statutes, the respondents declare that they organized some works that benefited the village and that village inhabitants participated in them with no remuneration: seven out of 11 village heads responded in this way. This confirms the function of the village head as a local leader. The village head also helps the inhabitants deal with various official matters (five do so often, and five from time to time), and to organize various tasks concerning the care of the ill and elderly (five out of 11 respondents), which corresponds to the task of neighborhood help mentioned in the village statutes.

All village heads also admitted that the local government commissions them to perform some of their tasks. The main task that nine out of 11 village heads specified was the collection of local taxes. Seven village heads declared they take care of the beautification and cleanliness of the village. Five respondents said that the submunicipal local government realize small investments on their own. The final task worth mentioning is the organization of free time for children and teenagers (four village heads).

However, it is difficult to say to what extent these tasks are actually relegated to the submunicipal local government by the municipally and to what extent they are taken up at the initiative of the village heads. Ultimately, they correspond, in a sense, with the tasks of the village head presented above in the statutes of submunicipal local governments.

The third relevant study was conducted in the municipality of Komorniki in the Wielkopolska region (Styk and Węgierkiewicz 2006). Interestingly, the question about the activity of village heads was posed to the inhabitants of the municipality. Every fifth respondent answered that he/she does not know what the village head in his village does. More than 40 percent of them indicated that the main activity of the village head is tax collection. The other activity is taking care of the cleanliness and order of the village—this answer was chosen by almost every fifth respondent. Interestingly, these answers correspond to two of the main types of activity declared by the village heads themselves in the study of the Mazowsze region. Only every seventh inhabitant observes that the village head takes care of the good of the village and its inhabitants. Neither this study, nor the study of the village head in the Mazowsze region, confirmed that one of the main activities of the village head is the development of village infrastructure, as discussed so frequently by the village councils, according to L. Ostrowski (1999).

Table 3.
Activities of the Village Head According to the Inhabitants
of the Municipality of Komorniki

Activity	Percent of responses
Tax collection	41
Taking care of cleanliness and order of the village	18
Taking care of the good of the village and its inhabitants	15
Infrastructure	13
Organizing events	10
Organizing meetings	6
Taking care of safety in the village	4
Other	36
I do not know	22

Source: Figiel 2006.

Undoubtedly, studies on the activity of submunicipal local government and village heads, their role in local societies, and the extent of their cooperation the local government are still topics rarely tackled by the researchers in Poland dealing with local government, and especially with local governance. In spite of the fact that the data we managed to collect on this topic may seem modest, we did make a thorough overview of the existing sources. We can state with certainty that empirical data devoted to the functioning of submunicipal local governments in Poland are scarce. Though the data we collected indicate that this functioning varies from municipality to municipality throughout different parts of Poland, the size of this differentiation is hard to evaluate.

5.7 National Association of Village Heads

In discussing the functioning of submunicipal local governments and village heads in Poland, the association movement should be mentioned. There are numerous regional associations of the village heads (only one region, Warmia and Mazury region, does not have its own regional association), which in turn are gathered in one National Association of Village Heads (*Krajowe Stowarzyszenie Soltysow*). This organization is made up of approximately 15,000 village heads and members of village councils from throughout Poland. On a regional scale, this association has existed from 1992, and on a national scale the association has existed from 1994.

The National Association of Village Heads edits two magazines. The yearly *Poradnik Sołtysa i Radnego* (Village heads and councilors' guidebook), which (according to the organization) is distributed among all municipalities in Poland in the amount of 40,000 issues, in addition to the monthly *Gazeta Sołecka* (45,000). Both magazines clearly try to guide and influence the attitudes of its readership. Among other things, they clearly disseminate the ideas of strengthening the role of submunicipal local governments, and delegating tasks to them by the local government.

A particular strength of these magazines are their legal counsels. Above all, the magazines of the association try to persuade the village heads to regulate the rights of the submunicipal local government in individualized statutes, and try to confirm, in a legal way, the right to benefit from the village customary property. They also disseminate knowledge about various programs helping to finance village investments, and propagate good practices of active submunicipal local governments and village heads.

The association also organizes trainings and cooperates with various programs directed at rural areas. Both the advice in the magazines and the trainings are designed to create the bottom-up activity of submunicipal local governments, and strengthen the position of submunicipal local governments in respect to the municipal authorities.

Regional associations cooperate with the administration and local authorities in their respective regions. They organize regional and national conferences concerning the problems of the rural areas. On the national level, the association also tries to lobby for legislative initiatives in strengthening the position of submunicipal local governments and village heads.

6. CRITICAL ASSESSMENT OF THE POLISH MODEL: ACCOUNTABILITY AND PUBLIC SERVICE EFFICIENCY

The village head and submunicipal local government are traditional institutions of self-organization of the inhabitants of the Polish village. Their potential does not result from legal regulations or from any actual influence enjoyed by the village head. This results from the *traditional placement of this institution in village societies*, in other words, from the fact that submunicipal local governments actually exist in all municipalities in rural areas across Poland. In this sense, the submunicipal local government is rather a “natural” and not a “functional” institution (Swianiewicz 2004). It exists not because it is a cheaper and more effective institution, but because such is rural tradition.

This is also reason for submunicipal local governments existence despite their inactivity. In the whole of Poland there are only 10 municipalities (out of 2,171 rural and mixed rural-urban municipalities) without submunicipal local governments. They exist even in villages established in place of the former state-owned farms, and in communi-

ties where the natural continuity of rural customs and traditions has been interrupted (Fenrych 2004, Iwanicka 2004).

At the same time, the *legal system leaves a lot of freedom* as far as the usage of this potential is concerned. There are no records in the Act of Local Governments either imposing the establishment of submunicipal local governments or regulating the tasks they should tackle. The legislative body left these questions to the local governments and, to some extent, the submunicipal local government and village inhabitants. For example, village inhabitants themselves can present an initiative to the village council of establishing submunicipal local government, which seems to be a very good application of the act.

The information we collected shows that the *local and submunicipal local governments use the possibilities given to them by the legislative body to various extents*. The situation and the level of activity of the submunicipal local governments vary in Poland—a large majority of submunicipal local governments do not show any activity at all. Talking about submunicipal local governments as tools of decentralization of local government, it is rather a *hypothetical potential*, and does not reflect reality. Therefore, it seems that *legislation that is open to the question of submunicipal local government is a good solution, and would enable adjustment of the local tasks to individual needs*.

In practice, it turns out that *only a few local governments use submunicipal local governments as a form of internal decentralization*. Among the tasks fulfilled by village heads, the most dominant are tax collection, taking care of the cleanliness and beauty of the village, or informing the municipality of the state of the roads and street lighting. It is therefore hard to talk about public service efficiency if an average submunicipal local government performs very few public services.

On the other hand, there is no doubt that a system based on using village inhabitants as the workforce for achieving village investments is economically effective. The municipality then bears the costs of the materials and saves on the workforce. The village head organizes the works. The organization of such undertakings is a vital role of submunicipal local governments.

The Polish system theoretically gives the possibility for great accountability, thanks to the form of direct democracy that is found in submunicipal local governments. The village meeting as a legislative body theoretically enables control of the activity of the village leader, and jointly-made decisions concerning the village, though, in practice, it turns out that it is underutilized, due to low social engagement. The restricted possibilities of the activity of submunicipal local governments make it harder to evaluate their activity in terms of accountability in practice. *It is a very weak institution and has a very restricted autonomy*.

In the cases we observed closely, the means that were at the disposal of the village heads were so small that their work has a character of sheer volunteer work. No one entrusted them with any substantial means to realize their tasks. However, it seems that

the form of direct democracy as a tool (in Poland, a *potential* rather than an utilized tool) is suitable for effective accountability.

The function of the village head may also be considered in terms of a tool of social control over the municipal council. In this sense, it is undoubtedly a useful institution. The village head acts as a lobbyist of local interests and a person observing the work of the local government from outside of the local power system. At the same time, he or she fulfills the role of a control subject, and to some extent, ensures contact between the municipality and the village. However, we cannot evaluate to what extent this function is actually fulfilled in practice.

Village meetings organized by submunicipal local governments or meetings with councilors are also tools of democratic control of the local authorities. However, it is not their function of control that seems to be the key role of the village head as an element of local democracy. A much more important role is that of self-organization and mobilization—the fact that village meetings or common undertakings are areas of cooperation and social activity of village inhabitants. Submunicipal local governments should not be judged just as an element of the local power system, but rather as a *potential tool to activate village communities*.

This power-to-activate is the Polish submunicipal local governments' greatest potential. They do not have a legal status that guarantees them means of obtaining action without their own effort. In this sense, the submunicipal local governments are *fully bottom-up institutions*, based on the civic activity of the local community. This makes them an institution analogous, to a large extent, to a nongovernmental organization that can get outside support (under the condition they can obtain partners by themselves and convince them to invest in their undertakings).

The submunicipal local governments are used precisely in this way. First, they organize traditional public works: with resources obtained from the outside (building materials, tools) or without them, the local community dedicates their own labor to benefit the village. Second, they participate in grant competitions, where they often apply for means directed for NGOs. In this case, they are in a difficult position, as they are not legal entities and need to procure the cooperation of some other legal entity (e.g., a local government) and thus can formally participate in the competition.

The actual weakness of submunicipal local governments does not result from their weak legal position. The real problem is the *low social activity* and *lack of proper knowledge* among village inhabitants. As L. Ostrowski (1999) points out, there are usually but a few educated people on village councils, and the percentage of doctors or teachers in the councils is decreasing (the study comes from the 1990s). The problem of uneducated local leaders puts barriers both in situations when the submunicipal local government must negotiate a favorable status in the municipality, and when it looks for support from the outside. Ostrowski also points to the fact that the change of the political system also changed the methods that can be used by the village when seeking subventions.

Today, the sources of possible subsidies are often various institutions and foundations working in favor of the third sector and located in cities. Village leaders do not often have knowledge about where to apply for such means or how to go about it. Moreover, they cannot even obtain this knowledge in the municipality.

Finally, we would like to quote the results of the studies conducted in the municipality of Komorniki. The studies showed that more than 80 percent of the inhabitants knew where the village head lived, and 66 percent knew his name. At the same time, the inhabitants could not list the obligations of the village head, talking about them in reference to the whole municipality without distinguishing between the two levels (Styk and Węgieńkiewicz 2006). This shows that the submunicipal local government in Poland is, above all, a traditional village institution. It fulfills an important function in protecting village pride and identity. As P. Swianiewicz and M. Herbst (2002) observe, “*the Polish soltys (village head) is an important local leader and his presence, together with a formal recognition of the ‘village meeting’ institution, clearly contributes to the strength of local democracy in rural areas.*” However, his real tasks are often very limited and mostly symbolic. And this is the result not of bad laws, but of the *weakness of civic society in Poland*.

7. POLICY ADVICE

The system of the submunicipal local governments in Poland has many advantages as well as disadvantages. It seems that policy advice concerning the functioning of submunicipal local governments, both in Poland and in other countries, can be formulated on this basis. Therefore, how can their activity be improved?

- First, we must stress that the *submunicipal local government is a very important institution for local democracy*. It should be promoted and protected because of its long-embedded tradition and its important role in creating the feeling of identity for inhabitants.
- Polish submunicipal local governments are examples of an institution that can successfully fulfill two important functions at once. These are the function of an *auxiliary unit of the municipality*, which is the basic level of local government, and the function of *implementing local democracy*, and *encouraging the inhabitants to participate in activities for the common good*, even the lowest level, that of the level of individual villages. It seems certain that submunicipal local governments fulfill both these functions.
- *One should not make an effort to introduce submunicipal local governments as the lowest level of local government; this is not the aim of these entities.* Therefore, attempts to create a separate budget of the submunicipal local government,

independent from the local government, or that submunicipal local governments become legal entities, do not seem justified, even though in some cases this would facilitate and improve their abilities.

- The local government must not be deprived of its basic competences. On the other hand, some *autonomy of the auxiliary units* is also a worthy aim. A situation where submunicipal local governments have their own, democratic legislative body (acting in the form of direct democracy), an executive body that is responsible to it, and have some means for their activity at their disposal, is justified. The existence of democratic institutions at the level of the village is a form of how civic society works. It necessitates that the inhabitants participate in decision-making about the matters that concern them directly, and finally favors social control over the decision of the local governments by enhancing its accountability.
- The legal solution implemented in Poland (the solution to transfer the decision about the range of activity and means given at the disposal of auxiliary units in rural areas to local governments) also seems correct, providing that the initiative will be taken by the inhabitants of the given area. In reality, it often happens that submunicipal local governments cannot take up the role of the key actor of decentralized local policy. The actual weakness of the submunicipal local governments is the reason why a legal strengthening of their position should not be obligatory. *Only a general framework of the functioning of a submunicipal local government should be left at the level of legislation, so that their functioning can be adjusted to local customs, tradition, and civic engagement.*
- The same reason makes it *unwise that local governments should be forced to transfer the obligatorily financial means to the submunicipal local governments.* This would *negate the rule of the budgetary unity* and could negatively affect the use of means at the disposal of the municipality. But the transferring by the municipalities of even some of the means that the submunicipal local governments can administer would be a very good practice, especially in the cases where these units are active and able to use the money for their own benefit. It seems advisable to promote and encourage municipalities towards such solutions.
- An important step would be towards *educational and promotional work*. In Poland, this issue was taken up by the National Association of Village Heads, especially by the magazines it publishes. As we have written earlier, their aim is to make the village leaders aware of the legal instruments submunicipal local governments have at their disposal to build cooperation with municipalities, while at the same time maintaining their autonomy, supporting them in looking for money, and encouraging them to take up activities at the local level. It seems appropriate that financing of the activity of submunicipal local governments,

from the municipal budget or from other sources, is sensible only when these subjects are really active.

- It is worthwhile to refer to traditional institutions in the context of designing new democratic solutions. Promoting modern Polish democracy tends to imitate and propagate solutions tested in western democracies, and not to implement traditional solutions, even though they might be useful. Take the example of city inhabitants settling in villages, who—even when they intend on acting in the benefit of their new place of living—prefer “urban” and “modern” forms of action: NGOs. Furthermore, they are not interested in participating in the structures of submunicipal local governments. We can guess that the lack of scientific studies and publications on submunicipal local governments is the result of the same trend. The submunicipal local government does not seem, in modern Polish culture, an attractive institution that can be included into the context of new democratic institutions, which ensure Poland European standards. *The promotion of this institution, especially in the context of its potential of bottom-up democracy and decentralization, is much desired*, for no other reason than the need to make it clear to village leaders that there are possibilities for inclusion in the existing institutional environment of a democratic state.
- However, the potential of the submunicipal local governments will not be realized if active subjects do not obtain means for action. Therefore, the existence of *grant programs*—such as the program Village Revitalization (realized by the National Association of Village Heads) or the program Village Head in Europe (realized by the Foundation for the Development of Local Democracy)—are a favorable phenomenon. An unfavorable aspect of using grants is the fact that—because of not being legal entities—submunicipal local governments must use an institutional “umbrella” given by the municipality or a third-sector organization. However, this does not appear to undermine the traditional form of functioning of submunicipal local governments, which have always cooperated with the majority of subjects on the area of their influence, and have not paid special attention to who the official organizer of the event is.
- The system of *organizing competitions*, besides securing financial means for the submunicipal local government to function, is also a *mobilization* to action; it helps the village to self-organize. A very good example is the competition for the “most beautiful village” described earlier in this paper.

APPENDIX

Research on Submunicipal Governments

In order to supplement the information available in the literature, the authors completed the following additional research:

- 1) In-depth interviews with:
 - Four village heads
 - Two mayors
 - Two heads of the regional organizations of the Village Heads Associations
 - One activist of the National Association of Village Heads
 - The Editor-in-Chief of the review *Gazeta Sołecka*

- 2) Questionnaire-based research was conducted with 11 village heads in the Mazowsze region (one village head from each municipality). The interviews were conducted by students of the Faculty of Geography and Regional Studies at the University of Warsaw in the frame of a course on “the role and organization of local government.”

Table A1.
Statistical Data Used for Figure 1

Number of submunicipal local governments (<i>solectwo</i>)	Number of municipalities (rural and mixed urban-rural)
0	11
1–5	98
6–10	344
11–15	493
16–20	446
21–25	313
26–30	208
31–35	126
36–40	64
More than 40	68

Table A2.
Statistical Data for Figures 2 and 3

Region	Average number of citizens in one submunicipal local government in rural local governments in 2005	Average number of submunicipal local governments in rural local governments in Polish regions in 2005
Dolnośląskie	439	17
Kujawsko-Pomorskie	404	17
Lubelskie	332	19
Lubuskie	407	14
Łódzkie	300	21
Małopolskie	1,080	11
Mazowieckie	274	26
Opolskie	620	12
Podkarpackie	910	11
Podlaskie	157	32
Pomorskie	467	16
Śląskie	1,407	9
Świętokrzyskie	383	20
Warmińsko-Mazurskie	284	22
Wielkopolskie	446	17
Zachodniopomorskie	382	15

Source: Author's own research based on the data of the Central Statistical Office (GUS).

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NOTES

- ¹ Faculty of Geography and Regional Studies, University of Warsaw.
- ² Centre for Local Studies, Warsaw.
- ³ Smaller *gromadas*, where the councils were not appointed, were an exception—the village head was elected in direct elections on a village meeting.
- ⁴ The commission (*komisja rewizyjna*) controls also activity of a mayor and other local government organization entities. Its members are chosen from a municipal council.
- ⁵ The act (Article 48, Paragraph 2) confirmed that there exist previous, common rights to use the customary property and that the municipal council cannot limit them without the permission of the village meeting. However, in practice, submunicipal local governments make use of these rights to a very small extent. Theoretically, the components of the customary property of submunicipal

- local governments and rules of its usage should be detailed in the statute. In practice, submunicipal local governments accept the statutes given, where the existence of such customary properties not noted at all.
- ⁶ On that point the situation is different in city districts, as legislative power belongs to an elected local/district council.
- ⁷ As far as local governments are concerned, in municipalities under 20,000 citizens (most of Polish rural local governments) there is a majority system to elect councils, with one (or more) councillor elected in every village. In municipalities over 20,000 the system is proportional, as well as in *powiats* and regions.
- ⁸ According to the interpretation of the Constitutional Tribunal of August 21, 1991, a village inhabitant is a person permanently residing in the village, irrespective of his formal address. In practice this interpretation may be questioned (Zell 2000).
- ⁹ In Poland, apart from cities and rural areas, there are also “city-rural local governments.” It means that one local government controls a small city and rural areas around it. That was also the case we were interested in.
- ¹⁰ Besides, the statutes of the submunicipal local governments we analyzed determine that “the means dispensed in the municipal budget” are also included in the income of the submunicipal local governments; however, they do not determine exactly what is the amount and the origin of these means. A precise amount that the municipality dispenses to the submunicipal local government every year was determined only in one out of twenty documents: “Deciding on the amount of the means determined in paragraph 2 [financial means of the submunicipal local government dispensed from the municipal budget] ensues by multiplying the number of inhabitants having a permanent residence in the village until June 30 of the year preceding the budget year by the monetary equivalent of 0.1 quintal of rye according to the price adapted to calculate the agriculture tax for a given year in the municipality” (*Statut sołectwa... Zielona Góra*, 2005).
- ¹¹ A study conducted by the students of the Faculty of Geography and Regional Studies at the University of Warsaw. During a course on “the role and organization of the local government” the students conducted questionnaires with 11 village heads in the Mazowsze region (one village head from each municipality).
- ¹² In the Warmia and Mazury region, the villages winning a competition like that can receive a monetary reward of PLN 1,000–20,000 (EUR 277–5,555) to use in further village investments. A natural leader of such enterprises is also the submunicipal local government.
- ¹³ Available online: <http://www.odnowawsi.pl>.

Rural Governance in Serbia: Charting a Sustainable Future

Tatijana Pavlovic Krizanic

Table of Contents

1. Introduction.....	135
1.1 Historical Origins of the Community Self-representation in Serbia.....	136
2. Legal Framework.....	139
2.1 MZ as Communal Self-representation	139
2.2 Property of the MZs	140
3. Legitimacy and Accountability	140
3.1 Political Representation at the Municipal Level.....	140
3.2 Political Representation at the MZ Level.....	144
3.3 Election Process	144
3.4 Role of the MZs in Multiethnic Municipalities	145
3.5 Accountability of the Community Leadership.....	146
4. Administrative Structure	148
4.1 Submunicipal Government and the <i>Mesna Kancelarija</i>	148
4.2 Responsibilities and Structure of the MZ.....	149
4.2.1 Citizen Assembly	151
4.2.2 MZ Council	152
4.2.3 MZ Secretary.....	152
4.2.4 Other Working Bodies.....	153
5. Functions.....	153
5.1 Public Service Provision	153
5.2 MZs as Operators of the Utility Services	153
5.3 MZs as Providers of Human Services	154
6. Financing MZs	155
6.1 MZ Revenues	155
6.2 Municipal Transfers	156
6.3 Voluntary Fee (Self-contribution Tax)	160
6.4 Co-financing of the Self-contribution Projects	162
7. Proposals for the Future Reform of the MZs	162
Notes	165

Executive Summary

Communal self-governance in Serbia has a strong tradition since the 18th century. However, the local community, *mesna zajednica* (MZ), is still perceived as a relic of the socialist past that should be abolished as such. Others argue for the survival of former Yugoslav institutions such as MZs as a form of decentralization within municipalities that will be useful to strengthen local democracy and accountability.

Encouragingly, provisions of the new Law on the Local Self-government (amended in December 2007) are more in favor of communal self-governance compared to the previous law from 2002. The new law will support municipalities to delegate more responsibilities (and resources) to MZs and to strengthen their capacities to become a genuine representative of the citizens and a reliable utility service provider as well. In rural communities, the establishment of a communal self-government is obligatory; prior to establishing MZs, municipality should consult with the relevant community about what municipal responsibilities may be assigned to MZs.

In the last few years, municipalities devolved some responsibilities, together with general budget resources, to MZs, particularly in rural areas: implementation of small investment projects, management of youth centers or kindergartens, health campaigns, trainings for start-up businesses, etc.

In the political processes, rural MZs in Serbia still are severely underrepresented. Until 2002, villages were the constituencies of the municipal councilors, so they created solid and permanent links between members of the municipal assembly and their voters. It was the period when MZs were substantially involved in the local decision-making process.

With the introduction of proportional local elections rules, many villages and communities have been left without proper representation in the local assembly. Some municipalities succeeded to overcome this problem and to efficiently include MZ representatives in the political processes by involving MZs in the decision-making process, for example, in the first round of the public hearings on the budget, development of strategic plans, or the adoption of a new MZ by-law.

A good starting point for the future activities on the reform of the MZs in Serbia would be a comprehensive analysis on the organization and functioning of local communities

internationally, as well as an even more in-depth analysis of the work of local communities in Serbia, and a collection and analysis of the good practices from the municipalities that have already been implemented.

1. INTRODUCTION

In almost all local self-governments in Serbia, old normative and administrative models of communal self-governance or *mesna zajednica* still exist as a single manifestation of communal self-representation, with a council (*savet*) of the *mesna zajednica* (MZ) as a major decision-making authority. A previous Law on Local Self-government (adopted in February 2002) did not encourage cities and municipalities to take steps towards the establishment of the new systems of the communal self-governance. In the period of February 2002 to December 2007 (when the previous law was in force), some Serbian municipalities were courageous and innovative enough to establish new practices in communal self-governance (i.e., to encourage MZs to introduce the “president of the communal self-government” as a executive authority; to devolve some original responsibilities to communal self-government; to transfer certain revenues for performing the devolved responsibilities; to introduce clear and objective criteria for the joint funding of investment projects; and to include MZs in the budget hearings, etc.).¹

After the adoption of the new Serbian Constitution, in October 2006, the subsequent process of parliamentary elections in January, and formation of a new government in May 2007, the new Ministry of the Public Administration and Local Self-government (MPALSG) announced the recent adoption of four pieces of legislation on local self-government: the Law on Local Self-government, the Law on Territorial Organization, the Law on the City of Belgrade, and the Law on Local Elections. All four laws were adopted at a session of the National Assembly on December 29, 2007. More inventive legislative solutions in the new Law on Local Self-government would likely encourage the often passive and disappointed population to again utilize (as they did twenty years ago) communal self-governance mechanisms for participation in the municipal decision-making process, oversight of the work of the municipal bodies (i.e., budget spending), and assure a better quality of utility services in the traditionally underserved rural settlements/villages.

Encouragingly, provisions of the new Law on the Local Self-government will be more in favor of communal self-governance compared with the previous law from 2002. The changes proposed by the new law will encourage proactive municipalities to delegate more responsibilities (and resources) to MZs and to strengthen their capacities to become genuine representatives of the citizens, as well as a reliable utility service provider. The new law mandates that in rural communities the establishment of a communal self-government will be obligatory (it is currently optional for both urban and rural MZs); that prior to a MZ’s establishment, decisions on boundaries of the MZ, or dissolution of the MZ municipality, should allow for opinions from the relevant community; that communal self-government may be authorized to decide at the first level of administrative issues; and most importantly, that *all* municipal responsibilities may be delegated to some or to all MZs.

One of the most important characteristics of the local governance in Serbia is the size of the cities and municipalities as units of local self-government. Serbia (with Vojvodina) has 145 units of local self-government with 7.5 million inhabitants. The average number of inhabitants in the territory of a unit of local self-government is 50,000. Units of local self-government in Serbia are among the largest local self-government units in Europe.² The average area of a Serbian municipality encompasses 610 square kilometers. The average number of the community governments within the municipalities is 28. The largest number of MZs in one unit of self-government is 142 (the city of Leskovac). The average number of inhabitants per MZ is 1,622.

Table 1.
Basic Information on Communal Self-government in Serbia

	Local self-governments	Number of MZs	Size of MZ (population, area, settlements covered)
Central Serbia	100 + 23 (city municipalities)	3,569	Average area 15 km ² MZ covers one settlement Average number of inhabitants 1,520
Vojvodina	45	563	Average area 38 km ² MZ covers 0.82 settlements Average number of inhabitants 3,575
City of Belgrade	18	307	Average area 10 km ² MZ covers 2 settlements Average number of inhabitants 5,201
Republic of Serbia, total	145	4,132	Average area 19 km ² MZ covers 1.3 settlements Average number of inhabitants 1,622
Kosovo ³	29	453	Average area 24 km ² MZ covers three settlements Average number of inhabitants NA

Source: "Municipalities in Serbia in 2006," Republic of Serbia Statistical Office.

1.1 Historical Origins of Community Self-representation in Serbia

Citizens' self-governance in Serbia has a long history dating back to the eighteenth century. Under the Ottoman Empire, and based on the legal rules established by the Sultan/Porta, self-government was granted to local people on three levels: the settlement (*selo*), a group of the settlements (*knezevina*), and the district (*nahija*). Up until 1801, there were no visible Ottoman administrators in Serbian villages and settlements. The local settlement administrator (*seoski knez*), and the village administrator (*knezinski knez*) performed various administrative and judicial functions, maintained

order in villages, and protected villagers from the arbitrariness of the Ottoman rulers. Settlement and village administrators were elected by the villagers through popular vote. In Ottoman decrees (*fermans*) sent by the Sultan to Serbian Prince (*knez*) Milos in 1816, the Sultan did not mention “self-government” granted to the Serbian villagers, just “certain privileges.” However, in practical implementation, those privileges were turned into a very substantial set of rights. At the level of the settlement/village, those privileges were as follows: villagers were granted the right to collect taxes by themselves (*danak*); Serbian village leaders/administrators (*knezovi*), elected by the popular vote, adjudicated disputes and criminal offences jointly with the Turkish judges (*muselims*); and, most importantly, *timariot* lords (*spahije*) were prevented from imposing an excessive cash rent for use of the sultan’s land. Villages still were responsible for some duties as a community, and had to contribute labor to the lord’s estate. In Belgrade, local people established the Peoples’ Office (*Narodna kancelarija*) as the highest administrative and judicial self-governing body.⁴

After the first and second Serbian Uprising (1804–1813, and 1815) and especially after 1830, when Serbia was finally officially recognized as a vassal principality, with Ottoman influence much reduced and with Miloš Obrenović as its first hereditary ruler, the establishment of the Serbian autonomous central organs and its gradual centralization began. From 1862, municipalities were submitted under the supervision of the police bodies. The police were authorized to dismiss and even punish municipal and village authorities. A more liberal constitution from 1888, and the Law on Municipalities from 1889, introduced a three-tier local self-government (at the regional, district, and municipal level) and granted the right to local self-government to establish judicial organs and police/enforcement bodies. Municipalities were entitled to have property and their own tax revenues.

After the First World War, the new Kingdom of the Serbs, Croats, and Slovenians introduced broad autonomy to the 33 districts (*oblasti*). The Law on Self-government in Districts and Regions was enacted in 1922 (*Zakon o oblasnoj i sreskoj samoupravi*), which also contained certain guarantees for village communal self-representation. After the assassination of Stjepan Radic in 1928, the member of Parliament and the Croatian Peasant Party leader, Alexander I. Karadjordjevic, dismissed the Parliament, abolished the Constitution and political parties, and completely centralized the state territorial organization. Instead of 33 districts, nine administrative units (*banovina*) were introduced and any notion of decentralization was abolished. Although Alexander I announced the end of the dictatorship in 1931, and proclaimed a new Constitution, he kept power in his own hands until his 1934 assassination in Marseilles.

After the Second World War, from 1945–1950, the Federal Republic of Yugoslavia resembled all other eastern communist states under Soviet political dominance. The state was constructed as a monolith centralized structure, with the territorial units granted merely administrative functions. Two years after the breakup of the political alliance with

the Soviet Union, in 1950, Yugoslavia's leadership introduced the new political concept of political governance for a complex federal state (social self-management/*drustveno samoupravljanje*). This new system was embodied in an extensive and complicated set of institutions responsible for representing the interests of citizens at the local level and addressing their needs in a broad range of areas. Under social self-management, municipalities were the basic socio-political communities (territorial units). They were responsible for the self-management of all public functions in their area. To enable them to carry out these functions effectively, the municipalities were progressively expanded in size from the 1950s onwards, until, by 1991, they had an average of almost 50,000 inhabitants.

After becoming too large, the municipalities were no longer able to play an effective role in local self-government. Local functions were progressively assumed by the submunicipal level of government: local communities (*mesne zajednice*), which exercised authority delegated to them by the municipality. At that time, the submunicipal level of the government was an integral part of the political system. Important political decision-making and administrative power was vested in the MZs, and integrated with business entities and public services through the complicated system of "self-management interest communities" (*samoupravne interesne zajednice*). For example, MZ boards appointed the members/delegates for the chamber of the MZs in the municipalities.

After the introduction of the new Constitution of the Republic of Serbia in 1990, a series of laws were enacted, gradually changing the system of public administration, including local government. At that time, the process of social transition did not include decentralization. Contrary to this international trend in governance, the Serbian state pursued a process of high centralization in the early 1990s, and many powers were consolidated by the state. This process was viewed by external observers as a nation-state building process. Communal self-government gradually lost its political significance and democratic potential, and was perceived as a sole ideological remnant of the former socialist system. A gradual revival of communal self-governance started with the adoption of the Law on Local Self-government in 2002. But the law did not provide an ideal legal framework for the revitalization of communal self-governance. Nonetheless, good practices in some municipalities and vital, proactive citizens in some MZs, contributed to the reform process, particularly in rural areas. In rural communities, *mesna zajednica*s remained an important tool in bringing local government even closer to citizens. Citizens usually elect the leadership of *mesna zajednica* and rely on their representatives to express the unique concerns and requirements that face the specific area. In some Serbian municipalities, communal self-governments are active and strong enough to provide a framework for very effective citizen participation, and to provide crucial utility services to frequently underserved citizens.

2. LEGAL FRAMEWORK

2.1 MZ as Communal Self-representation

In the system established by the new Law on Local Self-government, from December 2007, *mesna zajednica* represent a form of local community government (submunicipal governance) in the urban and rural municipalities, where citizens express their needs and issues that are important to them.

In the rural areas, MZs are now an obligatory form of submunicipal government. That is the main difference between the system embodied in the previous law (enacted in 2002) and the new system. *Mesna zajednicas*, and other forms of community self-government, must be established in the villages. In divisions of urban settlements (area, district, zone, etc.), the establishment of MZs and other forms of the communal self-government is optional. In rural settlements, the *mesna zajednica* is usually set in one village or a group of smaller villages with some geographical features (their proximity, natural boundaries like valleys, rivers, hill ranges, etc.) and demographic features (population, language, ethnic origin, etc.) in common.

The Law on Local Government from December 2007 does not stipulate the form(s) of communal self-government. The municipality is authorized to decide upon the establishment and abolishment of the local communities *and other forms of the communal self-government*. All other issues like the election of the bodies of the communal self-government, responsibilities of the unit, and financing (other than transfers from municipal level) are to be defined by a statute of the unit of self-government in accordance with the laws and statutes of the municipality. In this way, the forms of *mesna samouprava* may vary, as they have a different structure, manner of election, decision-making procedure, competence, territory covered, factual influence, size, and available funds.

The new Law on the Local Self-government of December 2007 again established the right of the citizens to be informed and consulted on the establishment and dissolution of the MZ. In Serbia, units of the community self-government traditionally *are not* considered to be legal entities under public law (they are not territorial units and elements of the “territorial organization of the state”). The Law on Local Self-government proclaims that MZs have the status of the “legal persons” with legal capacity in compliance with the statute and acts on incorporation. This status of the legal entity is, in most cases, similar to the status of the association of citizens. As a legal entity (person) they have all appropriate attributes: they are allowed to sign contracts, use an official stamp, manage a bank account, associate with other community self-governments, to be a party in civil and commercial litigations (to sue and to be sued), and so on.

2.2 Property of the MZs

Since *mesna zajednicas* are not part of the territorial organization of the state—they are autonomous forms of citizens' self-representation—and, consequently, their property should be considered private, and not in the public realm. The *mesna zajednicas* are awarded, in compliance with a lawfully-defined general status of a legal person, the right of disposal of the assets that serve them for the regular performance of their work. Aside from the right of disposal, MZs in Serbia enjoy the right to hold and utilize real estate items, as well as the right to offer the asset for use and/or lease, as well as possessing certain limited jurisdictions in the domain of management of utility infrastructure and natural resources (village grasslands). MZ property (buildings, utility infrastructure) has been financed mainly by the mobilization of citizen funds (a self-contribution fee, called *samodoprinos*).

In Serbia, the voluntary fee or tax is a unique form that is public revenue if collected on the whole territory of the municipality. However, it may be collected on the territory of the MZ and in that case, the Public Tax Office is not obliged to administer collection. The self-contribution fee is voluntary because citizens vote (by referendum) on the self-imposed voluntary fee on themselves for certain (usually but not necessarily investment) purposes proposed by the Municipal Assembly (i.e., constructing a new school, hospital, public road, etc.). When a majority of citizens votes in favor of the voluntary tax, it becomes mandatory and it obliges all citizens, including those who voted against it or did not vote at all. The basis for calculation of the self-contribution fee may be a salary (usual) but also income gained from agriculture, income generated from real estate property, etc.

3. LEGITIMACY AND ACCOUNTABILITY

3.1 Political Representation at the Municipal Level

The Law on Local Elections in Serbia, adopted in December 2007, retained the same proportional election system as a previous law (from 2002). Article 7 stipulates that the election of councilors shall be conducted in a municipality as the electoral unit (municipality as a single constituency) and that councilor mandates shall be distributed between the electoral lists in proportion to the number of votes won by each electoral list. In the last six years, it became common practice that municipal assembly members represent their political parties rather than citizens.

This practice gradually led to the situation where most villages were underrepresented in the decision-making process. Political parties are “owners” of the lists—they nominate lists of their candidates. In this manner, citizens are denied the right to know for whom they vote. Instead, they vote for the political option they support, meaning for a leader of political party whose name may be on the list. It is difficult for groups of citizens to propose their own candidates.

Proportional election of representatives/councilors led to a situation where many villages and communities have been left without representatives in the local assembly. Having a municipality as a single constituency does not leave much room for adequate citizen’s representation at the grass-roots’ level. Rural settlements inside the municipality have even lost the opportunity to be constituencies/electoral units, that is, to be politically represented by their own members in the municipal assembly. This proportional system offers no guarantees for equal and non-discriminative representation of the rural settlements. That is, every municipality/city has a clearly outlined periphery (usually villages), whose problems are usually underestimated.

There is a real danger that the largest settlement unit may dominate the decision-making process, leading to financial and economic development policies biased in favor of the central/urban part of the municipality. According to the data collected in Vojvodina,⁵ approximately 80 percent of the councilors came from the administrative seat/largest settlement of the municipality, and a large number of the villages and settlements at the periphery were not represented at all.

This proportional local election system practically eliminated the direct link between citizens and their councilors. Until 2002, settlements and villages were the constituencies/electorates for the election of the members of the municipal assemblies, which created solid and permanent links between members of the municipal assembly and their voters. According to the opinion of the majority of MZ representatives interviewed in the past few years, it was the period when MZs were substantially involved in the local decision-making process. Usually, members of the municipal assembly (councilors), who were residing in the territory of the MZ, regularly attended MZ council meetings and actually represented genuine interests of their MZ at the assembly meetings. This worked very well, especially in rural areas. For example, some MZs organized a weekly open day for citizens with the councilor elected from their constituency.

In the process of the decision-making, most municipalities in Serbia do use *mesna zajednicas* as a vehicle for assuring public participation in the decision-making process. In Zrenjanin, Kragujevac, Subotica, and other municipalities, *mesna zajednicas* have been involved for years in the decision-making process pertaining to some municipal issues (e.g., budget process, strategic development plans, adoption of a new MZ by-law, etc.) to some extent.

Box 1.
The Case of Smederevska Palanka

In Smederevska Palanka, some MZs adopted the statutory rule that municipal councilors, who reside on the territory of the MZ, become *ex officio* (by position) members of MZ council, but without voting rights. In Zrenjanin, municipal assembly materials (documents prepared for the sessions of the municipal assembly) that are of direct interest of the citizens are being sent to all *mesna zajednicas* before the session of the municipal assembly. This practice still has its shortcomings. The municipal administration is not obliged to send materials in a timely fashion, and leaves the MZ councils inadequate time for the *mesna zajednicas* to submit recommendations or suggestions.

Source: The Future Agenda of Communal Self-governance in Serbia, *Mesna Zajednica* as a More Effective Voice of Citizens, Findings, and Recommendations for the SLGRP, and the Standing Conference of Town and Municipalities, Belgrade 2005.

In order to establish a permanent link between the municipality and MZs, and to strengthen the operational and managerial capacities of the MZs, some municipalities have established councils as formal advisory bodies to the municipal assembly. Advisory councils are responsible for tracking and analyzing the position and roll of local community government; providing advice and assistance to MZs upon their request; reviewing the annual financial reports and reports on the work of the MZ from the previous year; proposing the budget; as well as preparing financial reports of urban and rural local communities; and for making proposals for improvement of the local community. In some municipalities, these advisory bodies are also responsible for proposing instruments and measures for assuring the harmonized development of the all urban and rural settlements (communal and infrastructure development projects).

Box 2.
The Case of Krusevac and Zrenjanin

In Krusevac, the advisory board/commission is composed of five councilors (assembly members) and four citizens. The tasks of the commission include: the organization of meetings of all MZ representatives; the coordination of activities that are of interest for many or all MZs within the municipal territory; the organization of public hearings in *mesna zajednicas*, involving *mesna zajednica* in the development of the new ordinances, MZ by-laws, and rule books, etc. The commission for cooperation with MZs in Krusevac has developed a very innovative, participative mechanism for the involvement of *mesna zajednicas* in the form of a new MZ ordinance. In the first phase, a draft MZ ordinance was sent to all *mesna zajednicas* for their feedback. In the second phase, five public hearings, covering all communal self-governments, were held, in order to discuss the draft MZ ordinance. The commission for cooperation with MZs was responsible for this process. Two members of the commission were present at each public hearing. Comments and suggestions were incorporated into the draft MZ ordinance.

In Zrenjanin, members of the board for cooperation with the MZs are councilors/members of the municipal assembly. The main task of this board is to monitor the work of *mesna zajednicas* and their relationship with the municipal assembly, and to propose policy recommendations to the municipal assembly. This body is entitled to review (prior to the municipal assembly session) reports submitted by the local communities on their work in the territory of the given municipality.

Advisory bodies may play a very important role as a liaison between *mesna zajednicas* and the municipal assembly, mayor, and municipal administration. Advisory boards for cooperation with the MZs in many municipalities serve as a policy and advisory mechanism that monitors the functioning of the whole system of the MZs, their actual level of involvement in the decision-making process, capacities, assess their needs, and detects potential areas for municipal financial intervention, as well as other types of assistance. However, the mere existence of the board does not necessarily mean that this institutional link will assure the desired quality of communication between the municipality and MZs.

Box 3. Meetings of MZs

In some municipalities there exists the practice of organizing a meeting of all *mesna zajednica* representatives. They are organized on a regular or *ad-hoc* basis. In Krusevac, for example, a meeting of all MZ councils is organized by the president of the commission for MZ work and revitalization. All chairmen of MZ councils, municipal department heads, directors of public utilities, the MZ coordinator, and some other municipal staff are usually invited. Typical topics are communal infrastructure, the future role of MZs, culture and sports activities, etc. The Municipality of Krusevac organizes three levels of joint meetings of *mesna zajednica* representatives—general meetings of all *mesna zajednica* (organized usually on an *ad-hoc* basis), topical meetings of groups of *mesna zajednica* representatives (for joint issues), and individual field meetings in MZs.

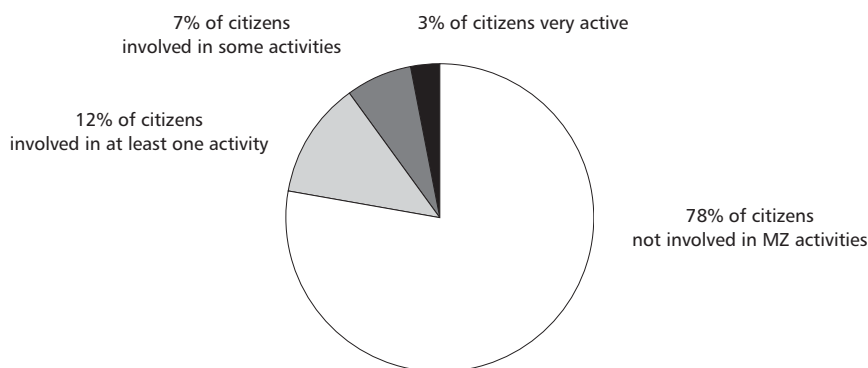
Source: Interview with the municipal officials of the municipality of Krusevac, November 2007.

Apart from the advisory bodies of the municipal assembly, in most Serbian municipalities there exist departments for MZ affairs as a part of the municipal administration. The departments are usually responsible for providing technical and administrative services (including book keeping, accounting, etc.) for all *mesna zajednica*. In smaller municipalities, there is usually one municipal staff member responsible for MZ affairs. However, it is usually not a full-time position. For example, in smaller rural municipalities, there is one municipal staff responsible for *mesna zajednica* and the registry of voters at the same time. However, there are municipalities that have yet to introduce such a position into their administration.

3.2 Political Representation at the MZ Level

History has shown that electorate in the MZ were equally dissatisfied with the old-fashioned method of election, when members of the MZ council were elected at the citizens' assemblies (with no quorum requirements and with the possibility that ten people present at the assembly entirely usurp the election process). It is similar in the new system, where the election process has been seized and monopolized by political parties. Thus, recent results of the survey on citizen participation in the work of the MZs in Serbia, conducted in 2006 by the Center for Free Elections and Democracy (CESiD), has shown that 78 percent of the citizens were not involved in a single activity organized by their local MZ. About 12 percent of citizens are involved in "at least one activity," seven percent are involved in some activities, and three percent are very active.⁶

Figure 1.
Citizen Participation in MZ Activities



3.3 Election Process

In the majority of Serbian municipalities, municipal ordinances on communal self-governance regulate elections in the MZs in a very detailed manner, and thus MZs do not have any room left to autonomously decide (by MZ statute) on certain elements of the procedure for the election of the MZ bodies. These niches available to MZs are, for example: the regulation of quorum requirements, establishment of procedure for the first and second round of elections, prohibition of party nominations on the ballots if the municipality does not provide for that prohibition in its ordinance on MZs, etc. Moreover, it is widely-accepted practice that the municipal administration (usually the Department for General Administration Issues) prepares the model MZ statute—which

is submitted to all MZs within the municipality, and which is in line with the municipal vision of the MZs' role and influence. This means that, almost without exception, *all MZs within the same municipal jurisdiction* have very similar (if not the same) statutes.

The council members are usually elected by citizens' assemblies or through general elections. If the MZ councils are elected at citizens' assemblies, the minimum quorum requirement for elections to be held corresponds with the minimum quorum for the convening of the citizens' assemblies. The average turnout at these elections is usually very low—in the 2004 elections, the average turnout for the elections for the MZ councils was about 23 percent.⁷ Usually, the municipal election commissions did not pay attention to irregularities that occurred in the election process for the MZ bodies, and in most cases, these elections were a mere formality. The major shortcoming of holding elections at the citizen assemblies is usually the usurpation of local community functions by council members. MZ councils elected by the citizens assembly often lack a basic legitimacy, as the vast majority of local community residents usually do not vote because they simply have not been informed about elections.

3.4 Role of the MZs in Multiethnic Municipalities

As a general rule, in almost all ethnically mixed municipalities in Serbia (Vojvodina, Sandzak, and in Presevo Valley) communal self-governments are created as ethnically integrated communities, along ethnic, linguistic, and cultural lines. As MZs in those municipalities are usually included in the decision-making process (budget public hearings, joint financing of infrastructure projects, etc.), ethnic diversity and transparency of the decision-making process is usually assured through inclusion and participation of the MZs with the minority population.

Moreover, ethnically integrated MZs represent a significant tool for power sharing and conflict prevention at the local level. This solution is also considered an acceptable compromise between the main political groups (for example, in Presevo Valley, between the ethnic Albanians and Serbs). The establishment of a properly functioning *mesna zajednica*s would make for enhanced self-government within the ethnic communities, ideally, with due regard for the territorial integrity of Serbia, and would enable integration into Serbian political and territorial structures.

Problems with discrimination in the delivery of services within some settlements, and structural arrangements at the local level favoring the interest of one ethnic group, can be overcome only in municipalities that introduced clear criteria for disbursement of the MZ investment projects, and include representatives of the MZs in the process of the disbursement of funds. In these municipalities, small investment projects are excluded from the general investment plans prepared by utility companies. As utility companies and members of the municipal committees (for urban planning or municipal

development) usually work in a seemingly neutral way, these practices usually result in biased land allocation and zoning procedures that favor the further urbanization of the “majority” settlements and push the poor to further ghettoization and isolation.

Members of the specialized municipal or governmental committees working on the policy solutions are often members of the dominant ethnic group, and oppose the participation of representatives of other groups in their work. Moreover, in cases when the experts delegated to the given committees by the (local) government are nominees of dominant political parties, they will again belong to the dominant groups (especially if parties are structured along ethnic lines). In several Serbian municipalities, this problem was partially addressed by the creation of a special unit for supporting small investment projects, such as the construction and modernization of local roads and sewage systems, as initiated by MZs. Members of this special unit are representatives of all the major ethnic communities living in the municipality. Basically, MZs are setting priorities concerning the development/reconstruction of the settlements, public utility services, local roads, etc. After approval of the project, they have the right to contract for infrastructure directly with construction companies. The money is then transferred from the municipality to the construction company.

Box 4.

The Case of Multiethnic Presovo

Since 2003, the multiethnic municipality of Presevo (90 percent Albanian, eight percent Serb, two percent Roma and others) has been organizing budgetary public hearings in the communal self-governments on their budget. They plan and perform a series of activities in all local communities regarding the budget. Citizen attendance is always very high. The only way to increase citizen participation and involvement in the public hearings was to convince them that their ideas were taken into consideration (Presevo municipality usually use public gatherings/citizens' assemblies, surveys, radio, and TV programs). The municipality organizes a public hearing in MZs not only in the first phase of budget preparation (when gathering and prioritizing of the proposals), but also in the second phase of the budget drafting.

Source: The Future Agenda of Communal Self-governance in Serbia, *Mesna Zajednica* as a More Effective Voice of Citizens, Findings and Recommendations for the SLGRP and the Standing Conference of Town and Municipalities, Belgrade 2005.

3.5 Accountability of the Community Leadership

Despite these rather isolated efforts, municipal and communal leaders enjoy worryingly low support.⁸ CESID (the Center for Free Elections and Democracy, a well-known Serbian NGO specializing in strategic analysis and monitoring of elections), recently organized a poll by interviewing 1,310 citizens in 92 Serbian municipalities.

This poll showed that public health institutions, church, schools, and even police enjoy a much higher level of the public confidence in comparison with the municipalities and communal self-government. More than 80 percent of the interviewed citizens did not have any confidence or had little confidence in the representatives of the municipalities and MZs. For example, 74 percent of interviewed citizens did not have any confidence in their municipal officials, 65 percent did not have any confidence at all in municipal administration, and 73 percent of the citizens did not have confidence in the MZs and MZ council representatives. The most important element of the analysis is fact that citizens have the lowest confidence in the elected municipal and MZ officials. Citizens have slightly higher confidence in public enterprises and municipal administration.

In 2005–2007, in several Serbian municipalities, the network of NGOs tried to increase the participation of ordinary citizens in public affairs at the level of the MZ, and to decrease the distrust and apathy of the electorate. Those NGOs monitored the accomplishments of the municipalities and MZs on very pragmatic matters for ordinary citizens like: the budgetary process, budget expenditures, the use or misuse of public funds, and subsidies from the municipal budgets, etc. Results of these “budget watching” activities were interesting:

- First, citizens are disappointed with the non-transparent management of the funds in some of the MZs. For example, in some MZs only 10 percent of the money collected for the agreed purpose was used for that purpose.
- Second, mismanagement in the some MZs, partially due to the partisan way these bodies are elected, turned them into self-interested groups, isolated from the needs of the citizens, which decreased citizens’ confidence in the MZs, and have made them the single, lowest level of power at the local level.

These results point to a dangerous disconnect between citizens and the authorities, and suggest that all institutions of the local self-government, including communal self-governance bodies, aside from having to strive to improve their own work, need to pay much more attention to ways in which they seek to gain citizens’ trust. Helpful steps might include a strict adherence to the Law on the Free Access to Information of Public Importance, a timely and adequate response to any doubt about the legality of their work, and perhaps most important of all—explaining the results of the decision-making process and engaging citizens and experts in the process of preparing these decisions (in the form of public hearings).

An indicator of the level of citizens’ mis(trust) in these institutions also encompasses their views regarding the extent to which certain bodies or groups abide by regulations, or to what extent those bodies are inclined to corruption themselves. The responses suggest that only a small number of citizens believe that institutions are generally predisposed to

perform their work according to the law. Over half of the respondents think that many important institutions never abide by the law, or do so only when it suits them (53.7 percent hold this view of the Serbian Parliament, 54.1 percent of the government, and 50.9 percent of their own local authorities).

4. ADMINISTRATIVE STRUCTURE

4.1 Submunicipal Government and the *Mesna Kancelarija*

In Serbian villages *mesna kancelarija's* (MKs), as deconcentrated organs of the municipal administration, play the role of basic “citizens’ assistance centers” (in fact, they are predecessors of the citizens’ assistance centers in Serbia), and provide basic services to citizens in villages distant from the municipal urban/administrative center (i.e., issuing birth certificates, citizenship certificates, etc.). In those rural areas, there are *mesna kancelarijas* that play the role of a branch (deconcentrated unit) of the municipal Department of General Administration and provide relevant services for citizens. *Mesna kancelarija* usually conduct functions of the local self-government within the competencies of municipal administration, as well as conduct the entrusted functions of state administration, and create prerequisites that would make the performance of those activities more efficient and much closer to citizens’ residence. In urban areas, *mesna kancelarijas* are usually not established (the city of Nis is an exception, as there are no MZs). It is stipulated that citizens in urban areas may submit all their requests directly at the municipal hall.

Mesna kancelarija is not a genuine form of the citizens’ participation at the village level and provides only administrative services. However, MKs can provide for administrative services to the MZ as well (office facility, telephone, copying, internet) and thus make work of the MZ more efficient.

The previous Law on Local Self-government from 2002 did not allow for municipalities to devolve some entrusted functions of state administration to MZs (issuing birth certificates or citizenship certificates). Therefore, those entrusted functions were conferred, in most cases, to *mesna kancelarijas*. The new Law on Local Self-administration does not make a distinction between the original and entrusted functions of local governments—all municipal functions may be devolved to MZs.

Article 80, paragraph 1 of the new law reads as follows: “A municipality and/or city may by decision devolve to all or particular local communities certain tasks from the purview of local self-government unit, with provision of required funds.”

The provision of the previous law from 2002 was much narrower: “A municipality and/or city may by decision devolve to all or particular local communities certain tasks from the *original* purview of local self-government unit, with provision of required funds.”

This significant change will allow municipalities more flexibility in deciding which MZs will be given the possibility to perform virtually all administrative services for citizens in distant settlements. That practically means that the function of the dislocated/branch offices of the municipal administration (citizens’ assistance centers) in the future may be conferred not only to MKs but also the MZs. This will inevitably lead to the amalgamation of the MKs and MZs in the rural areas (or the abolishment of the *mesna kancelarijas*).

Functions of the *mesna kancelarija* that may be delegated to the *mesna zajednica* under the new Law on the Local Self-government (“sample responsibilities”) encompass:

- performing all administrative and technical activities connected to introducing and conducting the self-contribution tax, as well as organizing a referendum;
- informing citizens on the competencies and scope of activities of the city administration bodies;
- maintaining the registry of birth certificates, marriage, and death certificates, and issuing those certificates;
- maintaining the citizenship registry;
- issuing certificates and official documents from the official registry; to certify the validity of transcripts, manuscripts, signatures;
- making an inventory of the legacy of deceased and missing persons;
- submitting death certificates to the competent courts;
- conducting the activities connected to voting lists;
- performing other conducting other activities within the competencies of local self-government.

4.2 Responsibilities and Structure of the MZ

The new Serbian Law on Local Government provides the possibility that activities within the original and delegated (conferred from the central level) scope of the local self-government responsibilities may be delegated to all or certain local communities and other forms of community self-government, by the decision of the assembly of the local self-government unit, with the provision of funds required for such activities. Such

activities shall be delegated with respect to their direct and everyday importance to the population of the local community.

Below is a list of sample responsibilities of *mesna zajednica* councils based on comparative analysis of municipal MZ ordinances within Serbian municipalities:

- organizing citizens' assemblies and to solicit citizens' opinions on significant issues;
- launching initiatives for the changing of municipal documents (planning, zoning);
- establishing cooperation with municipal public utilities and review reports on their work and their development programs;
- implementing small infrastructure projects (construction of roads, sidewalks, village water-supply systems) financed from a self-contribution fee;
- performing other jobs determined by the constitution, law, and municipal statute.

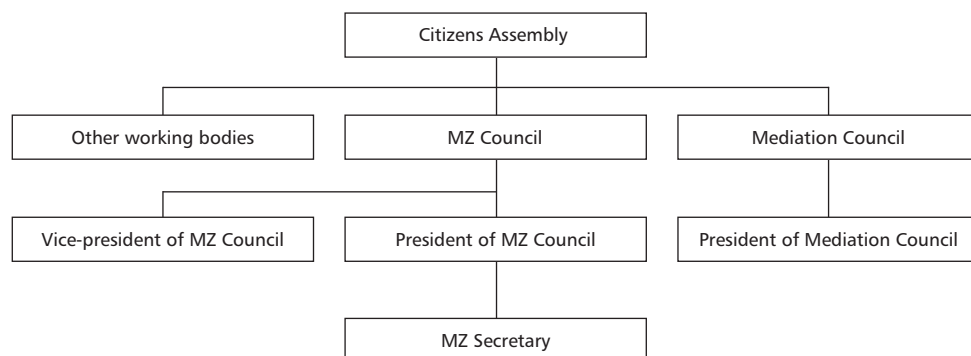
The role and responsibilities of the rural MZs are not necessarily the same as those of the urban ones. Moreover, preferences on how to establish each MZ, and how its roles and responsibilities may function in rural MZs, may also differ. MZ councils need training and capacity-development assistance to cope with this anticipated task, especially if we take into consideration that as of December 27, 2007 (after the enactment of the new Law on Local Self-governance), the establishment of the MZs in the rural settlements is obligatory.

Mesna zajednica in Serbian municipalities usually has the following structure:

- Citizens' assembly (official gathering of all citizens with voting rights);
- MZ council: president, vice-president, and other members (representative body of the communal self-government);
- Other working bodies (e.g., mediation council, supervisory board, etc.);
- Secretary of the MZ.

Basically, the structure of the MZ bodies has mirrored the structure of the municipal organization set by law. The general structure of the main bodies of *mesna zajednica* does not vary to a great extent. Figure 2 presents the structure of MZ bodies.

Figure 2.
Mesna Zajednica Structure in the Municipality of Boljevac



4.2.1 Citizens' Assembly

The law stipulates citizens' initiative, citizens' assemblies, and referenda as forms of direct citizen participation in exercising local government. Through citizens' initiatives, citizens can propose to the municipal assembly and city to adopt acts in order to regulate some of the issues outside their original powers or to call for a referendum. Such an initiative obliges the assembly to hold a hearing on the proposal and provide citizens with feedback about its decision. Citizens' assemblies discuss specific issues and produce proposals on which the municipal assembly forms a position and of which it informs the citizens. According to the Law on Local Self-government, the citizens' assembly should debate and present proposals for matters within the authority of the local self-government unit.

The citizens' assembly should approve the requests and proposals by a *majority of votes of the citizens attending the assembly*, and should communicate them to the municipal assembly or the relevant bodies of the local self-government unit. The bodies and services of the local self-government unit should consider the requests and proposals made by the citizens, and establish an opinion thereon, i.e., make the respective decision or devise an appropriate measure, and inform the citizens thereof within 60 days after the citizens' assembly. The procedure for convening the citizens' assembly, its activities, and the manner in which its positions are established should be defined by statute and a special decision of the municipal assembly (usually a MZ ordinance and statute/by-law of an individual MZ).

The salient topics of citizens' assemblies are usually related to the budget (financial plan of the MZ) and issues related to the financing of communal infrastructure projects (e.g., road reconstruction, water supply, sewage system, etc.). Citizens' assemblies are

organized once or twice a year on average. The average turnout at citizens' assemblies varies, depending on the topic at hand, on the individual character of the *mesna zajednica*, on its activity, etc., (in some *mesna zajednicas* it is about 12 percent, in some 60 percent, and in others the turnout is very limited). The average turnout (by percentage) is usually higher in rural than in urban *mesna zajednicas*. When the topic of the citizens' assembly is very important for citizens of a well-defined *mesna zajednica*, the turnout is relatively high.

There is a minimum quorum needed for a citizens' assembly to be held and make valid decisions. The minimum quorum varies from one municipality to another (five percent of citizens with voting rights in Zrenjanin, 10 percent of citizens with voting rights in Razanj, 50 citizens in Smederevska Palanka, two percent in urban MZs, and five percent in the rural MZs in Vrsac, etc.). However, some *mesna zajednicas* (e.g., in Kragujevac) have difficulties fulfilling the minimum quorum, even for the election of the MZ council (specifically larger urban *mesna zajednicas*).

4.2.2 MZ Council

The key decision-making body at the MZ level is the MZ council. The number of members of the MZ council differs from approximately five to 21 members. In some municipalities, the number is based on size of the population. However, in some municipalities, a range for the number of MZ members is stated in a MZ ordinance, without any criteria. In some municipalities (e.g., Smederevska Palanka), delegates of the municipal assembly become automatic members of the MZ council. It has been common practice that MZ councils were elected at the citizens' assemblies (meetings of the citizens, *zborovi gradjana*). Citizens' assemblies are institutions of direct democracy—like informal citizens' parliaments.⁹

Results of a questionnaire that the Standing Conference of the Towns and Municipalities submitted to the municipalities in 2004, to ascertain what percent of the Serbian municipalities introduced direct suffrage for the MZ bodies, showed that more than 40 municipalities now have direct elections for the members of the MZ council (approximately one-quarter of Serbian municipalities). Other municipalities still have a procedure for the election of the MZ representatives at the citizens' assemblies.

4.2.3 MZ Secretary

The existence of the position of MZ secretary depends on each *mesna zajednica*, and its financial resources. The MZ secretary should be elected or appointed by the MZ council by procedure defined in the MZ statute. The MZ secretary is responsible for

administrative and technical matters related to the work of *mesna zajednica*s, including the MZ council. In some municipalities (e.g., Krusevac) heads of *mesna kancelarija* also perform the role of MZ secretary. In larger municipalities, there is usually one secretary in each *mesna zajednica*, regardless of the size of the MZ.

4.2.4 Other Working Bodies

The MZ council may establish specific permanent or temporary working bodies, including commissions and boards, with the aim of preparing, considering, and solving specific issues within the competencies of the MZ council. Those working bodies vary from one *mesna zajednica* to another. It usually depends on whatever projects are being implemented (e.g., the committee for MZ development in MZ Razanj, etc.).

There are also some MZ working bodies stipulated by MZ ordinances on the municipal level—such as a supervisory board in Zrenjanin, a mediation council in Boljevac, etc. For example, the MZ supervisory board in Zrenjanin should control the legal and effective use and distribution of MZ funds.

5. FUNCTIONS

5.1 Public Service Provision

Public institutions do not have a monopoly on the provision of the public services. It is permissible for the local government to devolve the performance of public services to other subjects, and not *only to public services and public enterprises*. These may be companies but also include other legal entities, including MZs, as well as entrepreneurs. For example, the organization of kindergartens, some social welfare services for the elderly, or healthcare activities may be performed as a public service when partly or entirely financed from the budget and when citizens are entitled to use such services at subsidized prices or free of charge.

5.2 MZs as Operators of Utility Services

If the establishment of the public enterprise is economically sound due to the number of users, level of business, or for other reasons, these tasks may be entrusted to a MZ (or other private entity, as the position of MZ is equal to the position of other business entities or entrepreneurs). There are very rare cases where the municipality legally devolves

the right to MZ to perform the utility service by itself. By doing so, the municipality assumes the right to include the MZ utility network in its system, to provide auxiliary services, to provide the same quality of services as elsewhere, to collect fees on behalf of MZ, to invest in improvement of the infrastructure, and to be liable for performance of the utility activity.

There are many cases in which local utility networks (especially water supply and irrigation systems) exist in rural areas and are maintained by MZs. However, these works are mostly in villages, and are not connected to the larger supply systems. MZ councils are usually responsible for the use and management of these networks. Because they are not usually part of the complex system of utility services for the whole municipality, the municipality tolerates the existence of isolated networks that are in private (MZ) ownership. In the cases where an integration of the systems is necessary—i.e., the municipality needs to utilize a natural spring which was previously used by village, the municipality automatically transfers all village waterworks systems to the state property used by the utility waterworks company. Villages are, even to this day, treated as outer elements of the system. Utility enterprises usually do not provide villages with their services as though they exist only to meet the needs of urban population; farmers pay lower taxes and fees, and for that they seem like they are not part of the taxation system; since they do not pay much (taxes and fees), they do not receive many services. For this reason, villages have to take care of their own infrastructural and other needs (waterworks, roads, graveyards, culture, sports, etc.).

5.3 MZs as Providers of Social Services

In the field of public education, local governments have limited but expanding functions. Municipalities cooperate with schools in developing their curriculum within the framework set at the national level. Funding responsibilities are mixed: salaries for the teachers and technical staff are funded by the Ministry of Education, and local governments provide co-funding for teachers' professional development. Municipalities are responsible for school operational and maintenance costs, though they have no ownership over the school premises.

Currently, MZs are not powerful enough to influence the quality of education within their territory. In multiethnic municipalities, this issue should become more important in the future, and MZs should be consulted in the process of proposing to the network of schools about the financing of education in the minority language in question. The municipalities should retain general responsibilities, address regulatory issues, and bear the bulk of the administrative costs. MZs should be strengthened to provide input to the municipal authorities in order to influence their decisions, and in the second stage they should be afforded extended decision-making powers.

Primary healthcare is another issue of crucial concern to the public in Serbia. In 2004 and 2005, the reform process in the health sector was intensified. The adoption of the Law on Health Insurance and the Law on Healthcare in 2005 accelerated the reform of the healthcare system. Obviously, primary healthcare should be provided in close proximity to its recipients. There are, however, substantial constraints: healthcare is a very costly public service and requires highly-qualified professional service providers. This raises a key question: what is the proper role of MZs in primary healthcare? With the decentralization of health services, which continue to be the responsibility of the municipalities—especially with regard to the quality of healthcare, staffing, supplies, etc.—the MZs should be granted an immediate role: responsibility for the maintenance of facilities (family health centers, community health centers (“*ambulantas*”), first aid, etc.). The MZs should also be responsible for certain preventive health measures and health promotion.

Box 5.

Proactive MZs

Proactive MZs will be more successful in the process of obtaining matching funds for infrastructural projects. In the last two years, MZ Lazac, in the Cacak municipality, succeeded in establishing a cooperation with the Republic Directorate for the Roads and the Public Enterprise “Western Morava” (for management and exploitation of the Morava river). The MZ succeeded in repairing (all ground works except asphalt) about seven kilometers of village roads, as well as a main road from Lazac to Cacak (1,270 meters). The financial resources for all these infrastructural improvements have mainly been provided by matching funds from citizens (municipal budget, private funds, and some funds appropriated by Republic of Serbia, i.e., Republic Directorate for Roads).

Source: *Ibarske*, September 29, 2007.

6. FINANCING MZS

6.1 MZ Revenues

As mentioned above, *mesna zajednicas* in Serbia are not part of the system of public administration and do not have the status of legal entities under the public law. Villages and neighborhoods in Serbia (organized as MZs) are not allowed to act as legal public entities. In 2002, the Ministry of Finance issued its opinion (No. 430-08-43/2002 from

May 10, 2002) and clarified that revenues of the MZs are not public revenues as MZs are not legal public entities. Consequently, the tax administration is not in charge of collection of MZ revenues (i.e., self-contribution fee established for the territory of the MZ). At the same time, *mesna zajednicas* are an indirect budget beneficiary (Budget System Law, Article 2 (7)), and all municipal budgetary appropriation of the MZs are part of the consolidated local treasury system.

According to the Law on Local Self-government, the funds for the functioning of the *mesna zajednica* shall consist of:

- funds defined in the municipal and/or town budget decision, including self-contribution fee;
- donations;
- revenues realized by the local community and/or other form of local self-government through its activity.

Very few MZs in Serbia have significant own revenues. Some MZs organize certain profit-generating activities (like maintaining Internet cafes in the municipality of Razanj) and some have buildings that are MZ property and lease the business premises for investment purposes.

6.2 Municipal Transfers

In the terms of the Law on the Local Finances and Budget System Law, it is clear that *mesna zajednicas'* revenues are not public revenues. Some municipalities are trying to provide sufficient financial and other resources for optimal performance of the devoluted services, not only by providing general transfers to MZs, but also by granting them a certain portion of the fees collected on the MZ territory. This type of institutional capacity building of the MZs proved to be very successful in those municipalities, as it raised the managerial capacities of the MZs, increased its technical skills, advanced its planning capacities, and enhanced its accountability to the citizens as they were managing funds from their own community.

However, in June 2007 the Ministry of Finance released a binding opinion and restricted right of the municipalities to devolve certain percentages of their taxes and fees to the MZs. The ministry stated that MZs are only allowed to receive pre-planned appropriations from the municipal budget. Moreover, the practice used by some municipalities to earmark some utility revenues for MZ purposes was also forbidden, as earmarked revenues are (in the ministry's interpretation) limited to those explicitly mentioned in the sectoral laws (i.e., the Law on Planning and Construction envisages

that the land-development charge, land-use charge, and lease to be used solely for land development purposes).

The ministry stated that utility fees are general revenues according to the Law on Local Finances, and should not be earmarked for MZ purposes. Thus, municipalities were only given limited powers to plan MZ needs in the general budget, to plan appropriations to MZs in accordance with the predetermined criteria, and to provide general transfers (through annual appropriations) to MZs for operational costs, and also for the investment costs, as mentioned above. MZs were interpreted, in the intergovernmental sense of the word, as indirect budget beneficiaries. They are not allowed to play a more significant role in the public finance system—i.e., to be assigned authority to administer some fees and taxes or to receive a percentage of some fees or taxes.

Before the enactment of the 2002 Budget System Law, it was generally accepted practice that municipalities assign some of the municipal communal fees to the *mesna zajednica*, which then independently organized the administration and collection of the fee from the fee payers, residents of this *mesna zajednica*, or other users of the service covered by the fee. For the local development of *mesna zajednica*, the following local communal fees were usually collected within the territory of individual *mesna zajednica*, and thus became a resource of their annual budgets:

- using public space in front of business premises for business purposes, except for sale of newspapers, books, and other publications, handmade products, and other traditional products;
- keeping gambling and gaming accessories (in temporary, movable facilities);
- using public space for camping, pitching tents;
- occupying public space with construction material, etc.

The collection of assigned revenue, establishment of the criteria for collecting the fee, and other questions were arranged through municipal ordinances. The Municipal Budget Inspector and other bodies monitored the spending.

Box 6.
Intergovernmental Transfers to MZs

In the municipality of Smederevska Palanka, part of revenues from the wage tax (0.85 percent) are directly allocated to the account of the public enterprise “*Palanka razvoj*” to be used for infrastructure maintenance in the town and village, as envisioned by the program for municipal construction development, construction and maintenance of utility infrastructure, and investments in public lighting in the municipality of Smederevska Palanka. The allocation will be based on MZ programs which are adopted by the councils of the MZ, and which are submitted to the public enterprise “*Palanka razvoj*.” Revenues that amount to 0.85 percent are allocated to rural MZs, according to the population size, and based on the data from the 2002 census.

In Vrsac, approximately five percent of the municipal budget has been allocated to *mesna zajednica*s (approximately RSD 15 million, about RSD 2.4 million for urban MZs, and RSD 12.8 million for rural MZs). One part of the amount for rural areas (about RSD seven million) is used for capital investments and is project based. These funds have been directly transferred to the accounts of the construction companies or public enterprises that perform the works. The second part is per-capita based and is directly transferred to MZs’ bank accounts. The amount (approximately RSD 2.4 million) that is determined for urban MZs is used for operational costs (the salaries of MZ secretaries).

Source: The Future Agenda of Communal Self-governance in Serbia, *Mesna Zajednica* as a More Effective Voice of Citizens, Findings and Recommendations for the SLGRP and the Standing Conference of Town and Municipalities, Belgrade 2005.

In some municipalities, an exact portion of the selected fees and charges was earmarked and used for investment in the selected villages. In the other words, MZs submitted project proposals for investment purposes to the Directorate for City Construction, which prioritized these investments projects and allocated any available financial resources. However, there are differences in the way funds from the municipal budget were allocated to *mesna zajednica*s. In some municipalities, there are no criteria for the distribution of funds to *mesna zajednica*. Funds are distributed based on individual estimates of the concrete proposals.. Even in these municipalities, projects that are co-financed by the *mesna zajednica* usually have priority (in some municipalities, there are unwritten rules as to the level co-financing by *mesna zajednica* needed in order to obtain municipal resources, e.g., 50 percent). Some municipalities have introduced innovative systems of allocating funds to *mesna zajednica* based on a number of criteria.

In the process of dividing the responsibilities from municipality to MZ, some municipalities are courageous enough to devolve some of the responsibilities to MZs. Those municipalities also allocate some of the general budget resources for that purpose (general transfers according to the terms of Law on the Local Finances). Other municipalities do not have that division of responsibilities and allocate the same level of financial resources to all MZs, for mere operational expenses, without taking into consideration

their different responsibilities, previously-implemented investment projects, number of staff needed, plans for the future activities, and so on.

Box 7.

Distributing Funds in Subotica

In Subotica, there are four ways of distributing funds from the municipal budget to *mesna zajednica*. A part of the municipal budget is determined for financing administrative and technical activities according to the following criteria: population size, MZ location in relation to the center of the municipality, evaluation of planned activities, property, and collected revenues from leasing in the previous year. These funds are distributed directly to MZ bank accounts on a monthly basis. Another part of the municipal budget contains resources for co-financing the MZ self-contribution program of the Program for Construction, Land Preparation, and Arrangement of the Construction Fund of the Municipality of Subotica. Those funds are determined for those *mesna zajednica* that have introduced a self-contribution tax. Funds are transferred to MZ bank accounts on a monthly basis. Resources are allocated according to the following criteria: communal infrastructure equipment, municipal priority, population size, and money received from the previous year's municipal budget.

Resources for utility projects were allocated for the MZ program within the Program for Construction, Land Preparation, and Arrangement. This resource was introduced after conducting an extensive analysis on the subject of investments and their maintenance in MZs from 1996 to 2006. The analysis showed a large disproportion of investments completed in MZs. In order to give support to less developed MZs, and balance their relationship to municipal territory, the following criteria have been agreed on: population size, percentage of MZ population in the municipality, percentage of MZ population in the group of urban or rural areas, investment in repair of IT equipment, investment per capita, allocated funds per value, allocated funds in percentages, waterworks, sewage, road surface and sidewalks, education, schools, and others. The transfer of those budget resources is done on the basis of individual requests submitted by the public enterprise to the Urban Planning Agency in Subotica, and with the consent of the Executive Board department member in charge of communal issues. The Urban Planning Agency then enters into corresponding agreements with MZs, where general conditions and conditions related to professional services performance of the Urban Planning Agency need to be in accordance with the Executive Board and the Managing Board of the Urban Planning Agency.

The last resource designated for MZs is granted according to the following criteria: type of project, willingness of citizens to contribute money, and the quality of infrastructure. This amount is used as a contribution from the municipal budget to MZ projects financed by citizens. However, as resources transferred from the municipal budget to *mesna zajednicas* are usually very low, the majority of funds of *mesna zajednicas* are composed of service delivery charges, self-contribution taxes, donations from citizens, and other funds obtained by *mesna zajednicas*. The Municipality of Subotica has signed contracts with each particular MZ that specify how transfers must be spent, and grants the right to the municipality to perform monitoring of the MZ budget expenditures.

Source: The Future Agenda of Communal Self-governance in Serbia, *Mesna Zajednica* as a More Effective Voice of Citizens, Findings and Recommendations for the SLGRP and the Standing Conference of Town and Municipalities, Belgrade 2005.

Mesna zajednicas usually do have their own bank accounts; however, there are some municipalities where MZs do not. MZs usually prepare an annual work plan and budget report. In some (usually smaller) municipalities, MZs can enter into legally-binding contracts without municipal approval (e.g., Razanj). On the other hand, there are some municipalities, where this is not possible (e.g., Smederevska Palanka). Regarding the distribution of funds for administrative tasks, some municipalities provide funds for administrative tasks to MZs (e.g., on a per-capita basis) and some do not.

The allocation of the transfers for salaries of the MZ employees has usually been performed in accordance with a single criteria: the population of the MZ. In accordance with this criteria, MZs have been classified into six groups and a lump-sum transfer assures the salaries in those six groups. There is a presumption that employees in those MZs that serve a larger population have more work.

6.3 Voluntary Fee (Self-contribution Tax)

For decades, the voluntary fee has been one of the pillars of local government finances, and an important source of revenue for the lower tier of government (for municipalities and MZs, particularly rural ones). Designed as an instrument that could provide flexibility and, to some extent, enable independent local decision-making, it was frequently used as the main instrument of financing the development of the local utility infrastructure in villages, as well as the work of municipal branch offices (MKs).

During recent years, the administration of the voluntary fee has faced difficulties. For instance, the Tax Revenue Administration, in accordance with the law, is no longer responsible for collection in MZs. This practically disables the efficient administration of the fee. Furthermore, there are problems in obtaining reliable results from the local polls on the voluntary fee and in controlling spending.

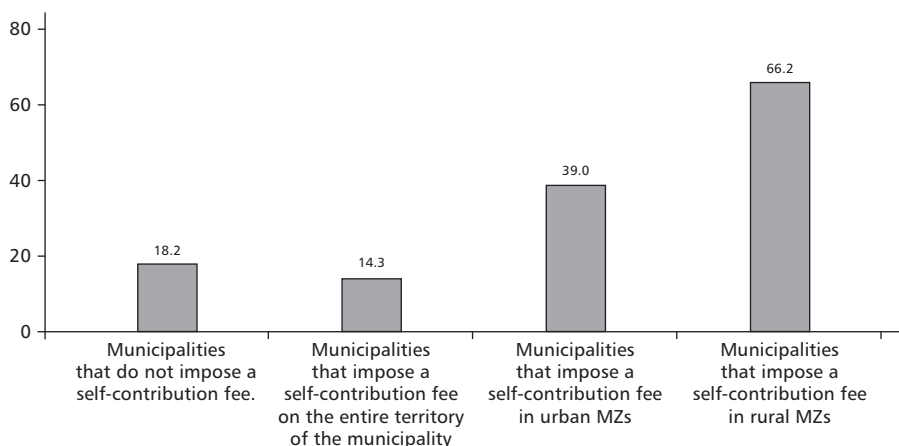
In this section we will take a look at some basic facts regarding voluntary fees in Serbia, obtained primarily from a survey conducted in the municipalities during the months of June and July 2006. The surveys were conducted jointly by CLDS and the Standing Conference of Towns and Municipalities. There were 77 municipalities that provided responses; since that number makes one half of the total number of local government units in Serbia, the survey sample is valid for the entire territory.

Out of the total number of municipalities in Serbia, 82 percent impose some kind of voluntary fee, which means that the voluntary fee is still a popular way of collecting funds. Nevertheless, closer analysis shows that the coverage of the territory of Serbia is still relatively low.

Only 14 percent of municipalities are imposing the fee on their entire territory, meaning that all of the citizens in a municipality cast a ballot, and they will thus receive

some sort of benefit from it. Such a low percent shows that the utility infrastructure needs in municipalities are generally met by regular mechanisms, and only some particular areas require outstanding measures; the voluntary fee being one of them.

Figure 3.
The Self-contribution Fee and the Types of Fees That Are Imposed



The number of municipalities that use the voluntary fee to meet the needs of their local communities/MZs is significantly higher: 39 percent of the municipalities impose the fee in at least one urban community, and 66 percent of them in at least one rural local community. In brief, the voluntary fee, as a means of collecting funds, is mostly used by rural local communities, whereas cities use it only in exceptional cases.

The voluntary contribution fee is most commonly used for building utility infrastructure (roads, streets, waterworks, sewer, electricity, gas, etc.) and also for financing municipal branch offices and buildings important for community life (education, healthcare, social assistance). Some municipalities include sports and cultural facilities, graveyards, churches, etc. Out of the 63 municipalities that imposed a voluntary fee, only 24 have no problems with collection; others are facing certain difficulties which can be classified into three groups: (1) evasion, (2) lack of cooperation with the Tax Revenue Administration, (3) difficulty in obtaining fee payers' information. According to the Serbian Law on Tax Procedure and Tax Administration, the revenue from the contribution fee is not considered public when collected in local communities; consequently, the Tax Agency is not obliged to administer, collect, or control the voluntary fee.

6.4 Co-financing of Self-contribution Projects

During the process of the budget preparation, many municipalities designate certain funds to be spent for small capital investment projects in MZs. Each year, a public enterprise (usually the Directorate for the Land Construction) adopts a plan for capital investments. This includes a detailed plan for the small, capital investment projects in municipalities. The municipality co-finances the project with self-contribution revenues during the whole life of the project. MZs are obliged to submit to the municipality an annual financial report on self-contribution project execution.

The allocation of the resources has been executed in accordance with the following criteria:

- current level of the capital infrastructure in relevant zones;
- alignment with municipal capital improvement priorities (highly scored are larger projects which require a smaller amount/percentage of the municipal matching funds);
- large MZs are highly scored;
- MZs which have been delaying payments (despite the fact that they have been receiving the funds in the previous fiscal year, they are not likely to receive funds for the next fiscal year).

7. PROPOSALS FOR THE FUTURE REFORM OF MZS

The Law on the Local Self-government, adopted in December 2007, for the first time changed the basic criteria of the local self-government in Serbia to a monotype structure. By providing objective criteria for granting the status of the city and municipality, the law opened the possibility for the enlargement of the number of cities and for the devolution of the new original responsibilities to cities.¹⁰ The Law on Local Self-government does not contain any provision from the previous law that the city needs to be divided into two or more city municipalities.

Consequently, new cities now have the possibility to decide, in their city statutes, on the optimal way for the “decentralization within local self-government.” Most probably, the majority will decide to strengthen the structure of their MZs, their responsibilities and modes of operation (in functional and operational terms), instead of establishing city municipalities. Most likely, with the changes of the new sectoral legislation, the new responsibilities will be devolved to 19 new cities. There are strong arguments to focus attention on new cities and to assist them in developing policies and regulations that will strengthen the position of the MZs, and preparing them for the expected new transfer of responsibilities.

Table 2.
Cities in Serbia as of January 2008

Cities	Number of registered MZs	Number of inhabitants	Area/km ²
1. Belgrade	307	1,576,124	3,222
2. Novi Sad	49	299,294	699
3. Niš	—	250,518	597
4. Kragujevac	78	175,802	835
5. Leskovac	142	156,252	1,024
6. Subotica	37	148,401	1,007
7. Zrenjanin	37	132,051	1,326
8. Kruševac	54	131,368	854
9. Pančevo	16	127,162	755
10. Šabac	61	122,893	795
11. Kraljevo	69	121,707	1,529
12. Čačak	69	117,072	636
13. Smederevo	38	109,809	481
14. Sombor	22	97,263	1,178
15. Valjevo	51	96,761	905
16. Vranje	33	87,288	860
17. Loznica	56	86,413	612
18. Sremska Mitrovica	34	85,902	762
19. Novi Pazar	26	85,996	742
20. Užice	31	83,022	667
21. Požarevac	37	74,902	481
22. Jagodina	62	70,894	470
23. Zaječar	46	65,969	1,069

Source: “Municipalities in Serbia in 2006,” Republic of Serbia Statistical Office.

A good starting point for the future activities on the reform of the MZs in Serbia would be a comprehensive analysis on the organization and functioning of local communities internationally, as well as an even more in-depth analysis of the work of local communities in Serbia, and a collection and analysis of the good practices from the municipalities that have already been implemented. Some of the initial proposals for the future reform of the rural MZs in Serbia should consider following:

- (i) By the virtue of the Law on Local Self-government, in the rural parts of the municipality, local community units may be set up for one or more rural

settlements. If a local community (*mesna zajednica*) is established for several rural settlements, it would be beneficial for villages to envisage setting up a local board (*mesni odbor*) in each settlement.

- (ii) The differing nature of urban and rural local communities is an argument for proposing that, in rural communities, a president should be directly elected through secret ballot. This proposal should be optional, meaning that each rural local community may define by its statute as to whether the president of the community will be directly elected.
- (iii) Concerning elections for the bodies of the local community (council), it is advisable that they be held concurrently with the elections of the members of the municipal assembly. Direct, secret ballot is recommended based on universal and equal suffrage. Candidates should be listed in the alphabetical order. The ballots should not contain the name of the political party or a group of citizens proposing a candidate.
- (iv) The MZ council should be authorized to propose new municipal regulations and changes to the existing ones. Also, they should administer the introduction of referenda that are held on its territory, in areas of the municipality, in the local community, or its environs. The local community council should appoint its representative to participate in the citizen assemblies. The councilor should participate in the work of the council in the local community of his place of residence, without the right to vote. If a local board is established, the president of the board is, at the same time, a member of the local community council.
- (v) A commission on MZs should be established as a working body of the municipal assembly, and be in charge of tracking and analyzing the position and roll of the local community government; reviewing the annual report of the president of the local community government from the previous year; proposing the budget, as well as the final statement of urban and rural local communities from the previous year; and for making proposals for the improvement of local community functioning.
- (vi) The local community council may set up permanent and *ad-hoc* working bodies, like commissions, boards, etc., with the aim of addressing issues relevant to the competency of MZ.
- (vii) The municipality should set up a body for the coordination of the local community's development. Members of the coordination body will be the president of the municipality, representatives of communal enterprises, representatives of the municipal agency for construction, and representatives of the local communities. The main duty of this body would be to discuss issues

important to the local communities. The meetings of the body should be at least bi-monthly.

- (viii) Transparency and providing citizens with important information should be achieved through mandatory public hearings (citizens' assemblies), organized to discuss the draft of municipal budget decisions and final statements, work reports of the municipal organs, financial reports, and final statements of the local community government.
- (ix) Local community government should be entitled to manage the assets in accordance with its own program and plans. Assets of local community governments are funds allocated to the local community by the municipality. They are provided in the municipal budget and amount to at least two percent of the total revenues, less loans. Additionally, a portion of assets are funds which are provided by the citizens through the self-contribution fee. The spending of the funds should be determined in a financial plan and the final balance should be shown in the final statement in accordance to the law. Local community government units should have to file a report no later than March 15 each year. This report should show their work and the realization of plans for which local communities had funds designated to them by the municipalities.

NOTES

- ¹ NGO "Center for Development of the Non-Profit Sector" (CRNPS), has implemented the project "Citizens' Oversight of the Municipal Budgets" through 2006 and 2007. CRNPS works jointly with representatives from the MZs, local NGOs, and media on citizens' education about how to monitor budget execution on the local level. The project has been implemented in six municipalities: Pozega, Pirot, Prokuplje, Majdanpek, Vrsac, and Loznica. The project has been supported by the Olof Palme International Centre, Fund for an Open Society, and Freedom House.
- ² "Municipalities in Serbia in 2006," Republic of Serbia Statistical Office (<http://webzrzs.statserb.sr.gov.yu/axd/ops.htm>).
- ³ The manuscript was written before Kosovo became independent.
- ⁴ Bogoljub Milosavljevic (2005) "System of the Local Self-Governance in Serbia," pp. 51–54. Standing Conference of the towns and Municipalities, Belgrade.
- ⁵ Đorđević Snežana *et al.*, (2003) Law on Local Self-Government—A Year After. Standing Conference of the Towns and Municipalities, Belgrade, p. 33.
- ⁶ "Step Towards Citizens—Guide Thorough Communal Self Governance in Serbia," (2006). Center for Free Elections and Democracy, Belgrade, p. 21.
- ⁷ "Step Towards Citizens—Guide Thorough Communal Self Governance in Serbia," (2006) Center for Free Elections and Democracy, Belgrade.
- ⁸ "Step Toward Citizens—Guide to mesna samouprava in Serbia," (2004) Center for Free Elections and Democracy (CESID), Belgrade. (Available in Serbian.)

- ⁹ Forms of the direct citizens' participation in the decision-making process in Serbia, stipulated by the Law on Local Self-government, is threefold: citizens' initiative, referendum, and citizens assemblies. The referendum is the right of citizens to vote on a decision adopted by the municipal assembly and, thus, to decide whether they want to approve or to reject it. The citizens' initiative is the right of citizens to demand, with their signatures, that a specific proposal is put on the agenda of the municipal assembly and to vote about it at the ballot box if that body rejects the demand. Citizens' assembly is an official gathering of all citizens with voting right and residence in the same MZ (or municipality). The role of the citizens' assembly may be consultative or it may serve as a electorate (electing members of the MZ Council by a simple majority of the citizens present).
- ¹⁰ A municipality is a "basic territorial unit for realization of the functions of the local self-government which is capable of performing local self-government functions independently, and which has more than 10,000 inhabitants." A city is defined as a "unit of the local self-government established by law which represent economic, administrative, geographic, and cultural center of the wider area and has more than 100,000 inhabitants." On the basis of this criteria, the Law on Territorial Organization (from December 2007) increased the number of cities in Serbia from four (Belgrade, Novi Sad, Kragujevac, and Nis) to 23. Therefore, 19 municipalities had changed their status, and it is to be expected that those municipalities will have new responsibilities in the areas of the public health, education, social welfare, economic development, and so on.

Index

A

accountability 5–7, 13–14, 47, 71–72, 74, 119–121, 123, 133, 140, 146, 156

act 11, 22, 35–36, 54, 62–63, 67, 70, 81–86, 90–96, 98–100, 102, 105, 109, 120, 129, 151

administration 5–6, 9–12, 15–16, 22, 26, 29, 32, 35–36, 38, 44, 47–48, 58, 62, 66–70, 75, 84–85, 92–93, 109, 119, 135, 138, 142–144, 147–149, 155–157, 160–161

advocacy viii, 5, 19–20

advocate 15, 19, 45

agenda 27, 35, 41, 92, 114, 142, 146, 158–159, 166

allocation 5–6, 9, 13, 17–18, 21, 34, 43, 58, 65–66, 72–75, 102, 113, 158, 160, 162

amalgamation 7, 71, 90, 94, 98, 149

assembly/assemblies 15, 29–30, 37, 39, 47, 57, 61, 133, 135, 140–146, 149–152, 164–166

association 21, 33, 45, 47, 57, 84, 101–102, 105, 111–112, 115, 118–119, 123–125, 139

Austro–Hungarian 11, 27, 89

authority viii, 11, 17, 20, 27, 29, 31, 34–48, 51, 53, 57–58, 63, 71–73, 75, 82, 85, 93, 99–100, 102, 107–108, 110–114, 119, 121, 135, 137–138, 147–148, 151, 154, 157

autonomy 11–12, 15, 18, 20, 26, 29, 32, 36, 41, 51, 57, 68, 82–83, 120, 123, 137, 140, 144

B

Brcko 31, 33, 38, 41

budget 9, 15, 17–20, 25, 31–34, 39, 42–43, 46, 51, 54–55, 62–64, 66–71, 74–75, 81, 90, 94–96, 99–104, 110–111, 113–114, 122–124, 130, 133, 135, 141–142, 145–147, 151, 153, 155–160, 162, 164–11–65

budget hearing 15, 135

by-law 29, 65, 133, 141–142, 151

Byzantine 57

C

candidate 14, 30, 39, 41, 93, 112, 114, 141, 164

canton 29, 34–35, 39

central 7, 9, 11–12, 16, 20, 58–59, 63, 72, 76, 137, 141, 149

charge 6, 20, 28, 32, 64–65, 74–75, 85, 153, 156–159, 164

choice 6, 19, 30, 51

city/cities 5, 9, 22, 28, 32, 42, 55, 77, 115, 122, 124, 130, 135–136, 141, 148–149, 151, 158, 161–163, 166

co-financing 158–159, 162

cohesion 27–28

common law(s) 83, 91–92, 94

communal property 18, 90, 95–96, 98–99, 102

communal self-government 20, 133, 135–139, 142, 144–147, 150, 158–159, 165

communist 28, 45, 96, 137

constituency 133, 140–141

consulting vii–viii, 35

control 5, 9, 11–15, 18, 20, 45, 51, 58, 61–62, 65, 67–69, 72–75, 81, 83, 85, 90, 93–94, 97, 108, 113, 120–121, 123, 129–130, 153, 160–161

cooperation 6, 8, 12–13, 16, 27, 31, 36–37, 39–40, 42–43, 47, 84, 95, 97–98, 112, 116, 118, 121, 123, 142–143, 150, 155, 161

cost 5–6, 28, 45, 56, 65, 70–72, 74–75, 110–111, 120, 154–155, 157–158

council

local 15, 30–31, 34, 39, 47, 58, 81, 95, 134–135, 141–145, 147, 150–154, 158, 164, 166
 municipal 13–15, 18, 34, 51, 58, 60–63, 66–70, 74–75, 81, 90, 92–100, 105–106, 110, 117, 121, 129
 city
 national 12, 81, 85
 village 14, 84, 86, 90, 92–93, 97–98, 102, 104, 110–112, 116–121

D

decentralization 5, 7–9, 11–13, 16–17, 19, 22, 23, **36**, 42, *44–47*, **49**, 51–53, 63, 71–73, 82–83, 91, 98–99, 120, 124, 133, 137–138, 155, 162
 decentralize 7, 12, 17, 20, 26, 71, 81, 91, 123
 decision 5, 9–13, 15–17, 22, 25–32, 34, 38–44, 46, 48, 51–52, 61–63, 66, 73–75, 81, 84, 86, 90–92, 102, 110–114, 120, 123, 133, 135, 138–139, 141, 143, 145, 147–149, 151–152, 154, 156, 160, 165–166
 deconcentrated 9, 11, 16, 51, 61–63, 65, 67, 71, 148
 deficit 2, 56, 71
 delegate 9, 16, 37, 41–42, 57, 63, 65, 75, 84, 86, 114, 133, 135, 138, 146, 149–150
 demand-driven 5
 democracy 18, 22, 27–28, 60, 82, 84, 90, 92, 107, 113–114, 120–124, 133, 144, 146, 152, 165
 direct democracy 18, 82, 90, 92, 113–114, 120–121, 123, 152
 discretion 27, 29, 34, 43, 82, 104
 district 11, 31, 33, 38, 41, 58–61, 71, 76–77, 81, 87–88, 90, 130, 136–137, 139
 donation 48, 58, 156, 159
 donor 17, 34, 43
dzielnica (borough) 81, 87–88, 90

E

economic development 17, 28, **35**, **37**, 47, 58, 141, 166
 education 9, 19, 31, 43, 56, 65, 86, 113, 116, 123, 154, 159, 161, 165–166
 efficiency 5–8, 19, 54, 63, 69–72, **119**–120, 133, 148
 election 13–14, 18, 22, 30, 37, 39, 41, 43, 48, 61, 64–65, 68–69, 74–75, 85, 90, 92–94, 133, 135, 139–141, 144–146, 152, 164–165
 electricity 28, 161
 empowerment 13, 19–21, 35, 75
 enterprise 20, 33, 45, 74, 110, 130, 147, 153–155, 158–159, 162, 164
 entity 5–6, 9, 12–13, 17–18, 22, 25, 29, 31–35, 38–40, 43, 45, 47, 62, 74, 87–88, 90, 94, 96, 98–100, 104, 121–124, 129, 138–139, 153, 155–156
 equalization 6, 9
 ethnic group 6, 9, 15, 115, 145–146, 154
 EU (European Union) viii, 9, 25–27, 35, *44–45*, 59, 71, 76–77
 European Convention on Human Rights (ECHR) 25–26, 45

F

fairness 6
 fee 18, 53–55, 74–75, 86, 140, 150, 154, 156–158, 160–161, 165
 feedback 142, 151
 fiscal 6–7, 17–21, 42, 51, 53, 55, 68, 72, 100, 162
 forest 58, 63–64, 67, 73, 91, 103, 105

G

gmina 12, 81, 84, 87–88, 90, 92, *128–129*
 grant 6, 9, 17–18, 20–21, 32, 54, 81–82, 103, 111–112, 121, 124
 grass-roots 141
gromada 12, 83–85, 129

H

healthcare 65, 69, 97, 116, 153, 155, 161

I

income 19, 28, 57–58, 69–70, 84, 100, 102–106, 130, 140

information 5, 7, 10, 15, 17, 19–21, 26, 28, 38–39, 63, 77, 85, 96, 98–100, 105, 107–109, 111, 115, 120, 125, 136, 147, 161, 165

information sharing 7, 20–21, 28, 63

infrastructure 9, 15, 37, 53, 84, 56, 95–96, 101, 108–110, 112, 116–118, 140, 142–143, 145–146, 150–151, 154, 158–162

inhabitants 34, 46, 51, 54–56, 67–70, 83–86, 88, 90, 92–93, 97, 101–102, 104, 106–114, 117–124, 130, 136, 138, 163, 166

intergovernmental 6–7, 20–21, 51, 53, 157–158

investment 15, 20, 37, 51, 53–54, 61, 70, 74, 86, 91, 97, 101, 109–111, 114–117, 119–120, 130, 133, 135, 140, 145–146, 156–159, 162

J

jupa 57

jupan 57

K

kindergarten 16–17, 64, 66, 68–70, 74, 95–97, 110, 133, 153

kmetstva 16, 18, 63, 68, 72

kmetstvo 10, 15, 17, 61, 66, 68, 71

L

leadership 5, 13–14, 19–21, 25, 28, 30, 37–39, 41, 43, 45, 112, 138, 146

lease 140, 156–157

legitimacy 9, 13–14, 18, 28, 45, 114, 140, 145

license 16, 64–65, 73–74, 105

local community (LC) 5, 7, 11, 13, 15, 22, 25–48, 62–63, 69, 86, 97, 99, 109–111, 113–114, 121, 133–134, 138–139, 142–143, 145–146, 148–150, 156, 161, 163–165

loss 6

M

mahala 11, 27

management 5–7, 9, 12, 15–16, 18–21, 32–34, 39, 41–43, 45, 51, 62–65, 67–70, 72–75, 85–86, 90–91, 95–96, 98–99, 103–104, 133, 138, 140, 147, 154–155

mandate 26, 30, 97, 135, 140

mandatory 13, 29, 43, 64–65, 140, 165

mayor 13, 15, 22, 25–26, 30, 34–35, 37, 51–52, 58, 61–64, 66–70, 74–75, 85, 91–93, 98, 110, 112–113, 125, 129, 143

means (noun) 34–35, 41, 61, 85, 90, 92, 101–104, 106, 109–112, 120–124, 130, 161

mesna kancelarija (MK) 16, 48–49, 153

mesna zajednica (MZ) (Serbia) 10, 13, 15–18, 133, 135, 138–143, 145–146, 149–153, 155–160, 164

messenger 15, 19, 113

minority/minorities 5, 13, 15, 31, 115, 145, 154

mjesne zajednice (Bulgaria) 25–26, 138

model 7–8, 11–12, 16–17, 21–22, 39–40, 42, 51, 59–60, 67–69, 72–73, 82, 95, 97–99, 111, 119, 135, 144

multiethnic 145–146, 154

municipal national council 81, 85–86

N

neighborhood 5, 7, 9–10, 12–16, 22, 27, 116–117, 155

nongovernmental (programs) 104

nongovernmental organization (NGO) viii, 22, 37–38, 43, 45, 47, 95, 104, 111, 115, 121, 124, 146–147, 165

nonprofit viii, 165

O

oblast 9, 11, 58, 137

official viii, 28, 62, 70, 85, 108–110, 143, 147

okrug 9, 11

ordinance 62–63, 142, 144, 150–153, 157

osiedle (district) 87–88, 90

Ottoman 11, 27, 45, 136–137

own source revenue 17

P

participation 5, 13–14, 20, 25–30, 35–40, 42–48, 51–52, 57, 61, 63, 68, 72–73, 75, 81–82, 97–98, 104, 106, 110–111, 113–115, 117, 135, 138, 141, 144–148, 151, 166

pilot 21

planning 7, 9, 17, 20, 32, 35–37, 39, 42, 47, 51, 59, 62, 69–70, 150, 156
financial 19, 25, 34, 42–43, 65–66, 95
physical 17, 74,
strategic 44
urban 13, 145, 159

police 11, 57–58, 65, 67, 73, 85, 95, 137, 147

population 10–11, 13–14, 18, 22, 27–28, 30–31, 34, 38, 51, 53–54, 56, 59–61, 64, 66–67, 71, 74, 76–77, 81, 85, 88, 135–136, 139, 145, 150, 152, 154, 158, 160

poverty 13, 112

power 9, 11, 13, 15, 17, 20, 35, 39, 41–42, 45, 48, 51–54, 57, 61–64, 67, 70–75, 81–82, 85–86, 90, 92, 121, 130, 137–138, 147, 151, 154, 157

power sharing 8, 72, 145

powiat 108, 130

pricing 6

procedure 13–15, 18, 20, 29–30, 35–36, 38, 43, 47, 61, 94, 108, 139, 144, 146, 151–152, 161

pronia 57–58

property 11, 16–18, 20, 28, 32–33, 35, 58, 62–63, 67–69, 74–75, 81, 83–85, 90–91, 94–96, 98–100, 102–104, 106, 119, 129–130, 137, 140, 154, 156, 159

public service 5, 7, 9, 12–13, 16, 19, 22, 48, 57, 95, 119–120, 127, 138, 153, 155

Q

quorum 93, 114, 144–145, 152

R

reallocation 18, 73–75

referendum/referenda 5, 13, 30, 32, 60–61, 75, 140, 149, 151, 164, 166

reform 5, 7, 12–13, 20, 22, 35–36, 38, 44, 47, 51–53, 72–73, 133, 138, 155, 162–163

region 9–10, 12, 57, 59, 76–77, 83, 88–89, 91, 96, 101–108, 111–112, 117–119, 125–126, 130, 137

remuneration 31, 34, 81, 85, 105–106, 117

rental 74

representation 5, 9, 13–15, 19–20, 28, 39, 41, 45, 60–61, 91, 115, 133, 135–137, 139–141, 144

Republika Srpska 10, 14, 22, 25, 29, 31–33, 35, 44, 47

residents 34, 40, 59–60, 66, 145, 157

revenue 6, 8–9, 12, 17–18, 20–21, 32, 34, 51, 53–55, 63, 68, 71–72, 74–75, 81, 91, 99–100, 103, 135, 137, 140, 155–162, 165

roads 16, 28, 32, 37, 44, 58, 64–65, 69–70, 84–85, 95, 108–110, 116, 120, 140, 146, 150–151, 154–155, 159, 161

role 7, 12, 14–15, 19–21, 25–26, 35, 37, 39–42, 44, 51, 64, 81–83, 85–87, 96, 105, 107, 109–112, 118–123, 125, 130, 138, 143, 145, 148, 150, 153, 155, 157, 166

rural 5, 7, 9–13, 18–19, 27–28, 34–42, 44–45, 49, 58, 79, 81–82, 87–90, 92, 97, 100, 111, 114–115, 119–120, 122–123, 125–126, 130–131, 133, 135, 138–139, 141–143, 148–150, 152, 154, 158–161, 163–164

S

savet 135

school 6, 9, 11, 16, 20, 56, 58, 74, 95–97, 140, 147, 154, 159

secretary 15, 62, 67–68, 70, 150–153, 158

self-contribution fee or tax 18, 32, 41, 140, 149–150, 156, 159–162, 165

size 5–10, 12, 14–15, 17, 19, 22, 31, 34, 46–47, 54, 70–71, 74, 76–77, 81, 88, 96, 101–102, 118,

127, 136, 138–139, 152–153, 158–159

social assistance 66, 73, 75, 161

solectwo 10–11, 16–17, 79, 81–82, 88, 125

soltys (village head) 15, 83, 92, 118, 122

stareishina (elder) 57

state viii, 11–12, 20, 22, 26–28, 35, 38, 54, 57–58, 65, 67, 71–73, 81, 84–86, 109, 124, 137–140

statute 15–16, 22, 29–32, 34–35, 39, 43, 46, 81, 90–91, 93–100, 102–105, 113–114, 116–117, 119, 130, 139, 144–145, 150–152, 162, 164

student 56, 117, 125, 130

subsidiarity 26, 44, 96

subsidy 54, 70, 74–75, 103–104, 111, 122, 147, 153

Sultan 58, 136–137

T

task 16, 32–33, 57–58, 81–82, 84–85, 90, 92, 95–99, 106, 108–109, 112, 115–117, 119–120, 122, 142–143, 148–150, 153, 160

tax 9, 11, 17–18, 20, 53–55, 57–58, 75, 101, 108, 130, 140, 149, 154, 156–161

tax collection 14, 16, 64–65, 83, 85, 101, 105, 108, 117–118, 120, 137

tax collector 54, 57–58, 65, 83, 85, 105, 108, 117, 120, 137

tradition(al) vii, 5, 7, 9, 11, 13, 19, 25–26, 33, 81–83, 86, 91, 93–94, 97, 100, 104, 110, 112, 115, 119–124, 133, 135, 139, 157

training 31, 37, 111, 119, 133, 150

transfer 6, 15–18, 29, 51–54, 64, 70–74, 90, 146, 156–160

transparency v, 13, 20–21, 43, 145, 147, 165

trust 9, 14, 39–40, 120, 147–148, 153

turnout 30, 145, 152

U

urban 6, 13, 17, 27, 32, 40, 42, 81–82, 87–88, 90, 119, 124–125, 135, 139, 141–142, 145–146, 148, 150, 152, 154, 158–159, 161, 164

user charge 6, 20

utility/utilities 5–6, 16, 18, 32, 133, 135, 138, 140, 143, 145–146, 150, 153–154, 156–161

V

vilayet 11, 58

village meeting 14–15, 66, 82, 84, 86, 90, 92–93, 102, 107, 111, 113–115, 120–122, 129

voivodship 9

Vojvodina 136, 141, 145

voluntary fee 140, 160–161

vote 13–14, 30, 36, 60–61, 110, 140

public 30

secret 14, 30

popular 137

voting 14, 30, 142, 149–150, 152, 166

vulnerable 28, 73–74

W

water supply 65, 68, 70, 75, 95, 116, 150–151, 154

welfare 9, 13, 61, 84–85, 95, 153

Y

Yugoslav 10, 12, 27, 45, 133, 137–138

Yugoslavia 10, 12, 27, 45, 137–138

